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The Freight Classification and Traffic Territories of the United States.

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The United States Commerce Association
CHICAGO

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United States Commerce Association.

Introduction

Every dollar of wasted freight money, either by railroads or by shippers, is a dollar of wasted profit. There are two factors which control freight charges: (1) The legal published rate in the tariff, in effect at the time the shipment moves; (2) The reasonableness of the rate, when all transportation, traffic, industrial, commercial and physical conditions are taken into consideration.

In order to know the application, reasonableness, and legality of any rate between two points on any given shipment, you must know what tariff has jurisdiction. A knowledge of the use of tariffs presupposes an understanding of traffic territories, basing points, common points, rate zones, how the rates are based within, to, between, and from the various rate points or territories, which are instrumental in rate construction.

The aim of this monograph is not to produce a large mass of printer's ink and paper, but to give an intelligent understanding of the traffic territories and points used in the construction of rates, enabling the practical traffic man to more fully understand the jurisdiction of tariffs. The information, therefore, has been presented in the smallest possible space, realizing that the busy man has no time to wade through hundreds of pages of discussion, which could be summarized in a few paragraphs.

You can get very little out of this monograph by casually reading it. You must make a careful study of the technical points presented in connection with the FREIGHT CLASSIFICATION & TRAFFIC TERRITORY MAP and be able to answer all of the study questions which you will find in the back of the monograph. If you will do this conscientiously, the information presented here should help you to easily understand and interpret the tariffs. The wrong tariff is often used in connection with a shipment. The following incident shows how a large amount of money was lost for want of a practical knowledge of the jurisdiction and application of tariffs.

The president of the Brown Manufacturing Company was seated behind his mahogany roll-top desk. "How is business?" inquired Mr.

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Jones, an old club friend, as he stepped into the office. "Have you secured that Southwestern contract yet?" "No," replied Mr. Brown, "but we are going to get it."

Just then the telephone bell rang. "Is this the rate clerk of the Chicago and Southwestern Railroad," inquired Mr. Brown. "What do you say the rate is on iron pipe?" "\$3.50 a ton?" "Write me a letter to that effect, and send it over by a messenger at once."

Mr. Brown turned to Jones and said, "The order is ours. With a \$3.50 rate we can get into that territory and meet every competitor." Mr. Brown pressed a button and in came his secretary. He was directed to send a wire to Mr. Johnson, their salesman, instructing him to take the order on a \$3.50 freight rate.

The next morning when Mr. Brown returned to his office he found a telegram reading: "The contract is ours. Agreement mailed to-night. Johnson." "I knew we would get the order," said Brown to himself as he laid the telegram away in his basket. He then instructed his secretary to make preparations for starting the shipments from the plant. Shipments were made as rapidly as they could get cars. In the course of a few weeks all of the pipe was delivered in accordance with the contract.

MR. BROWN MAKES A DISCOVERY.

As Mr. Brown was going over the freight vouchers one morning he noticed that on every shipment he had been charged \$6.50 per ton, rather than \$3.50, the rate quoted by the railroad. He called his secretary at once. "What does this mean? I understood the freight rate quoted us was \$3.50." "That is right," replied the secretary. "I am sure of it. I will get the correspondence. Yes, here it is. \$3.50 per ton. There is no doubt about that."

Mr. Brown at once wrote a letter to the railroad asking an explanation and suggested that they send a check for \$3,000 to cover the overcharge. In a few days Mr. Brown received an answer from the railroad company stating that they were very sorry to inform him that the clerk quoting the rate had made an unpardonable blunder; that the rate from the point of origin to destination was \$6.50, the only rate which they could apply on the shipment.

\$3,000 OVERCHARGES DEMANDED.

Mr. Brown replied to the railroad company that whenever employees of his office made blunders in quoting prices, the company had

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to stand for it, and that he would expect a check for \$3,000 to balance the difference between them.

After a voluminous correspondence it was finally agreed that the railroad company would refund the money provided they could get the authority of the Interstate Commerce Commission. When Mr. Brown received this letter he threw up both hands in consternation.

As Mr. Brown nervously looked through his freight expense bills again, he called in his secretary. "I cannot see what the Interstate Commerce Law has to do with a railroad refunding to us the money it owes us?" "You know, Mr. Brown," said the secretary, "that the Interstate Commerce Law was amended recently. I have been talking with a traffic expert and he tells me that Section 6 of this amendment requires that every one of the millions of freight rates be filed thirty days for public inspection so that the shippers may know the legal rates which they must pay."

WHY BROWN LOSES THE \$3,000.

This new law further specified that "the railroad shall not receive a greater or less or different compensation for the transportation of property or for any service in connection therewith or between the points named in the tariffs than the rates and charges which are specified in the tariffs filed and in effect at the time with the Interstate Commerce Commission." "Therefore, you see, the railroad has no authority to refund this money because it would be in the nature of a rebate."

"You will remember, Mr. Brown, some time ago we had a shipment from Allendale, N. J., to Albany, Ga. I asked one of my railroad friends to write me how to get the rate. Here is his answer, but I cannot understand it":

"Answering your esteemed favor of recent date asking how to determine a rate from Allendale, N. J., to Albany, Ga., he advised that this requires a knowledge of classification territory, differentials, rate basis, applications, and a number of things perhaps most people never heard of. Otherwise you would not know which of the 150,000 tariffs to use in securing this rate.

The railroads which run through either of these cities do not publish a tariff which gives the rate. The expert traffic man, by virtue of his technical knowledge, knows which one of the thousands of tariffs to select.

He knows where to find the legal rates, how to interpret them, and how to apply them. In other words, he knows that the Joint Freight Tariff governed by Southern Classification with exceptions, published by J. A. Ryan, representing several railroads as agent of a railroad association, contains the information desired.

I am sending you this tariff under separate cover. If you will

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look at pages B 30 to B 39, inclusive, you will find methods of obtaining rates from interior Eastern points. Page B 30, however, does not show Allendale, there being no joint rate published from that point, but if you will look on B 33, you will find that Allendale is located on the Erie Railroad and takes a "rate basis No. 1" to points in territorial locations X, Y and Z. The explanation of the territorials X, Y and Z will be found on pages B 157 to B 167, giving you the "rate basis." Referring now to pages B 30 to 89, you will find that Albany, Ga., is a territorial location of X, and that rate basis No. 1 will apply from Allendale, N. J., to Albany.

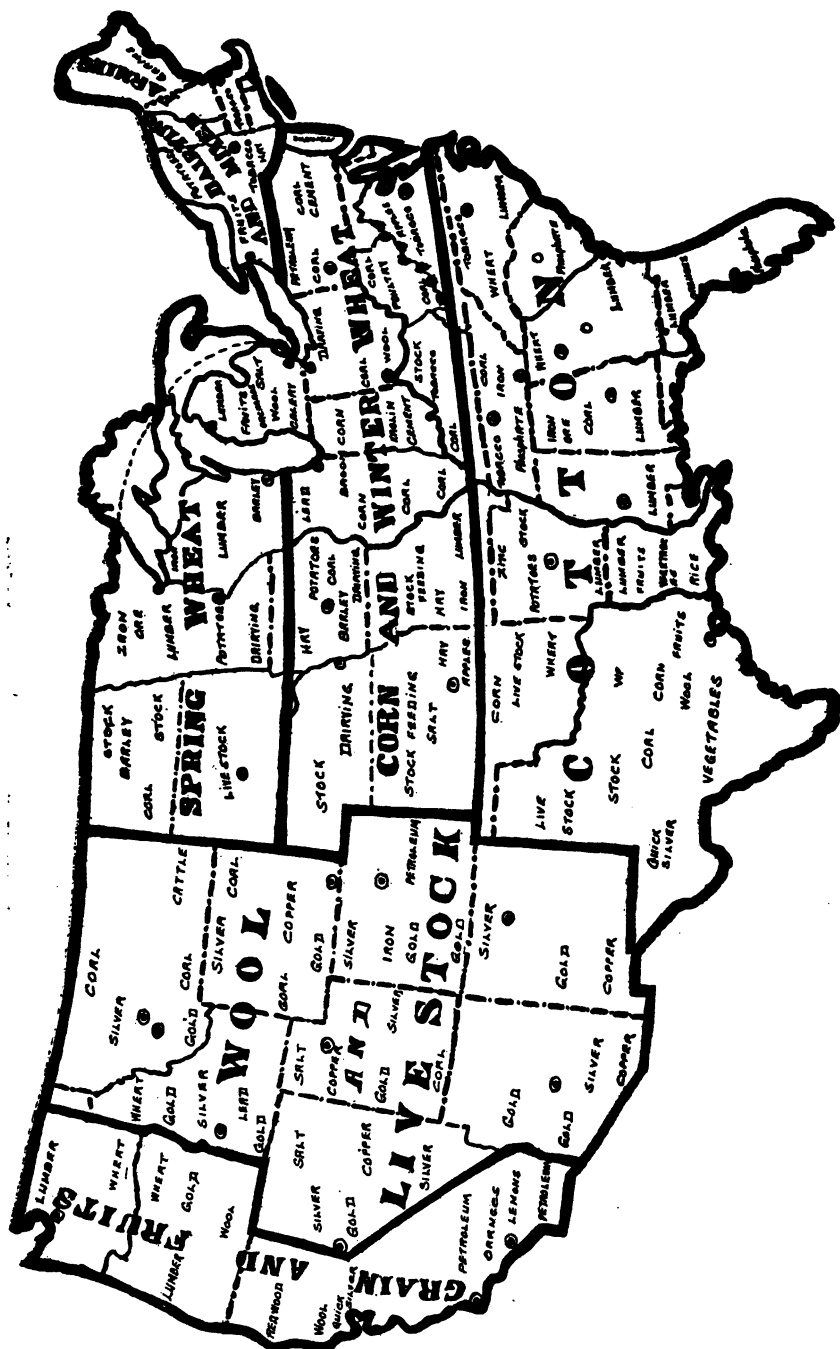
Looking now over on page B 157 you will find to determine a rate from points in rate basis No. 1 to all points in territorial location X, a certain amount must be added to the rates from New York, which in this case is \$0.08. This is known as a "differential" and this amount must be added to the "first class rate" in order to define the rate to Albany, Ga. The first class rate to Albany is shown in the tariff as applying to "groups of origin" in item A 1013. By referring to this item, it is found that "A" represents New York, therefore the rate published opposite "A" also Albany, Ga., are the "class rates" from New York to Albany, the "first class rate" being \$1.05.

Opposite Albany there is also shown under "route" the number 13 and by reference to item A 1011 opposite route 13 will be found, Atlantic Coast Line, Piedmont Air Line, Seaboard Line, etc. Traffic may be forwarded to Albany, Ga., via either of these routes specified. Since the first class rate from New York to Albany is \$1.05, and the differential is \$0.08, this makes by addition \$1.13, the lowest legal class rate from Allendale, N. J., to Albany, Ga.

The above instance, showing the computation of a rate, plainly points out that a knowledge of the rate structures, the committees which control them, the points to and from which rates are based, is absolutely necessary in the interpretation of tariffs and the application of rates. The discussion which will follow, presents to you the causes which have been instrumental in establishing the various traffic territories, classification territories, rate zones, basing and common points, gateways, river crossings and points indispensable in Rate construction.

IMPORTANT

THIS Monograph should be studied in connection with the Freight Classification and Traffic Territory Map, and the map showing the distribution of the products of commerce which it fully explains. Use also the Study Questions in the back of *the Monograph*.



THE DISTRIBUTION OF THE PRODUCTS OF COMMERCE.

The Freight Classification and Traffic Territories of the United States

By ELVIN S. KETCHUM, A. B., Pd., M., and
THOMAS G. FITZGERALD.

THIS MONOGRAPH DISCUSSES:—Distribution of the Products of Commerce, Virginia Gateways, Classification of the Articles of Commerce, Rate Territories in Southern Classification, Official Classification Territory, Southeastern Mississippi Valley Territory, Southern Classification Territory, Southeastern Freight Association Territory, State Classifications, Associated Railways of Virginia and Carolinas, Freight Classification Committees, Carolina Territory South of Walhalla, Western Classification Territory, Mississippi Valley Territory, Characteristics of Classification Schedules, Southeastern Territory, Duties of Classification Committees, Montgomery Sub-Territory, Traffic Territories and Rate Zones, Atlanta Sub-Territory, Conditions Controlling Rate Making, Carolina Territory, Green Line Territory, Major Traffic Associations, Joint Territory, Local Freight Traffic Association, Southwestern Traffic Committee Territory, Specific Traffic Committees, Trans-Mississippi Territory, Canadian Freight Association Territory, Western Trunk Line Territory, New England Freight Association Territory, Pacific Coast Territory, Trunk Line Association Territory, Special Rate Zones, Central Freight Association Territory, Important Railroads of the United States, The Western Termini of Trunk Lines, The Reading of Tariffs, Ohio River Crossings, Jurisdiction of Tariffs, Exceptions to the Application of Classification, Through Published Rates as Maximum Rates, Differential and "Standard" Lines, Rate Combinations, Common Point System, "Cost" an Important Problem, Analysis of Cost Element, Shippers Should Know Published Rates, Duties of Traffic Managers.

The Classification of the articles of commerce and the making of freight rates depend upon so many physical, commercial, and industrial conditions, that it will be necessary for you to consider some of them before you can get an intelligent idea of the various classification and traffic territories of the United States. You should refer to the map and fix in your mind the productive areas of the country and the sources of the various articles of commerce.

DISTRIBUTION OF THE PRODUCTS OF COMMERCE.

The United States is divided into six natural productive sections. In each of these sections a certain staple industry is fundamental. The New England Section is characterized by small farming and dairying. The central section of the eastern part of the United States is the source of corn and winter wheat. Cotton is grown in the southern and spring wheat in the northern sections. Wool and live stock are the principal products in the intermountain territory. Grain and fruit are supplied by the Pacific Coast division. Each of these six sections of the country is dependent upon the other sections. Not one of these sections have a sufficient supply of food or raw materials for manufac-

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ture, to enable it to get along without the other. This condition causes the movements of commodities from one region to the other. The Commerce of each section is characterized by the nature of the materials and products which it produces. The New England section supplies manufactured articles and raw materials, which it exchanges for food products, grown in the western sections of the country. The surplus products in each section are shipped away and they take their place in the regular channels of trade.

The greater portion of the internal trade of the country consists of cotton, live stock, grain, lumber, coal, iron and fruits. Articles of manufacture form only a small part of the commerce. Physiographical conditions, causing these productive areas, practically control the internal commerce of the country. The channels of trade, depend practically upon our chain of Great Lakes, upon our many rivers, and upon our railroad transportation facilities. The location of our various industries is controlled by seven important factors, as follows:—

1. Nearness to the supply of raw materials.
2. Accessibility to market—transportation facilities.
3. Nearness of water power, or coal supply.
4. Suitable climate and temperature.
5. Supply of labor; also labor laws.
6. Available capital for promoting the business.
7. Early Industrial development.

A little analysis will show that the most important of these factors are controlled by physical causes. The first four factors are decidedly physical, and the last three factors depend much upon the first four factors.

The exchange of goods arises from the condition, that skilled labor, producing particular articles of commerce is centralized in certain sections of the country, and that the demand for the goods produced, predominates in all sections of the country. Trade and manufacturing centers naturally draw a large population. These centers are usually controlled by physical conditions such as power facilities, transportation agencies and sources of raw materials. Abundant water power for example, is responsible for the development of the great manufacturing industry in New England. The supply of coal for furnishing electric or steam power will always be found to exert a powerful influence upon the location of industries.

Gary, Indiana, the new steel center of the world, was located at the foot of Lake Michigan, because that was the one central point in the country, where the raw material or iron ore, from the Lake Superior region, and the coal from the Illinois and Indiana coal shafts might be

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brought together with the least expense, for the purpose of smelting the ore, and converting it into iron and steel. This point is the greatest transportation center in the world. From this strategic point finished products may be economically distributed to all domestic and foreign markets.

One-half of the commercial and industrial energy of civilized man is given to the preparation and distribution of food. If each locality could produce all of the products which it consumed, the problem of distribution would not require any very careful attention. The centralization of industries and population at various points in the country, to take advantage of the supply of raw materials and to get power for the operation of factories, makes it necessary that food products be transported long distances. The larger the population at any given point, the more important it is for some agency to specialize, in receiving the food products, and distribute them to the various families of the community. This gives rise to the commission merchants.

The principal commodities of commerce move in train loads. The raw materials are transported to the mills, and the finished products, from our manufacturing industries, are shipped to the great distribution centers. The food products move from the sources of supply to the great centers of population. The main channels of traffic are broken up into smaller or secondary channels, which carry the traffic of the country from the jobbers, wholesalers, and warehouses, to the retailers, where the products are distributed to the consumer. The volume of the various products of commerce, vary with the development of the wants of man, with the changing seasons, and with social conditions.

The commerce of any trade center is divided naturally into three classes: (1) The commodities which are produced in the trade center and shipped to various markets. (2) The products which are brought from the sources of supply to the trade centers for consumption, and (3) Those commodities which are brought to the trade centers to be distributed to other markets and trade centers.

It naturally follows, that the expert in traffic is indispensable, because if any trade center, on account of too high freight charges cannot find a sufficient market for its products, it will not be in a position to buy the products, which it needs from other productive regions. The prosperity of the various trade centers of the country depend upon such an adjustment of the freight charges as will enable various sections of the country to get the goods, which they need, also upon transportation facilities, necessary for carrying the goods, from the point of production, to where they may be sold at a profit.

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The great centers of distribution were naturally developed, first along the Atlantic Sea Board. As the railroads were constructed, connecting these centers with inland cities, following the development of population westward, it is only natural that we find the freight charges on the shipments of goods to trade centers in the East, more reasonable and less discriminatory, than to western trade centers. The rate adjustment cases naturally grew more complex as we proceed westward from the Atlantic Sea Board. It will be found that the rate structures of New England, permit shipments of raw materials to the various producing centers, and the distribution of manufactured products to the various points for consumption, at rates which are highly satisfactory to the New England business concerns.

The Great Lakes Waterway has made Buffalo the greatest eastern port for the distribution of lumber, grain, ore, coal and large quantities of manufactured goods. This is due to the advantages of both water and rail transportation. Buffalo probably enjoys the lowest freight charges on her foodstuffs of any city in the country. Because of the large grain shipments, Buffalo has become a very important flour milling center. As soon as the natural conditions, controlling Buffalo were understood, its commerce grew rapidly and its population increased in leaps and bounds.

The traffic center of greatest tonnage is Pittsburgh. It is located at the junction of three rivers, which, with its railroad transportation facilities, and large supplies of coal and coke, make it a gateway through which passes a tonnage, which is claimed to be larger than that of London, New York, Liverpool, Antwerp and Hamburg combined. For a dozen years the Trunk Lines were fighting vigorously for traffic between Chicago and St. Louis and the North Atlantic Sea-Board. In some cases the freight rates were lower than those applying to and from Pittsburgh. This condition of course greatly affected the commerce of Pittsburgh, and resulted in a vigorous rate adjustment case before the Interstate Commerce Commission. After this case was settled, Pittsburgh enjoyed freight rate advantages, which enabled its products to move freely.

It must be understood that transportation costs have a very direct bearing upon the movement of the products of commerce. The cities of St. Louis, Chicago, Cincinnati and Louisville are greatly affected by the freight rates which apply into the Southeast territory. Western Shippers claim that Richmond, Baltimore, Philadelphia and New York, on account of lower transportation costs, practically eliminate them from this large market. The carriers claim, that if they advance their rates from the eastern cities to the southern markets, the traffic would

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move by water and that if they reduced the rates from these cities to the southeastern markets, there would not be sufficient revenue to pay reasonable dividends on the capital invested in their lines. A little analysis, however, will show that much of the traffic of the East consists of textiles, fabrics, machinery and manufactured articles, which are produced almost exclusively in the New England district. The products from the central western cities consist of grain, meat, agricultural implements, wagons, etc. It follows, therefore, that the movement of traffic to the Southeastern section of the country is controlled almost entirely by physical and geographical conditions.

Cleveland is the trade center for groceries, hardware, dry goods, and many of the great staples. The freight rates permit her to compete in the markets of Chicago, Detroit, Cincinnati, Indianapolis, Buffalo, Pittsburgh and Columbus. Cincinnati is the traffic center for the flow of pig iron from southern furnaces; lumber from the forests of the south, and whiskey, which comes from the southern stills. Machinery is manufactured in large quantities in and about Cincinnati and shipped to various markets. It is claimed that freight charges permit Cincinnati to compete in all of the markets of the United States and that the freight rate structures permit her to ship into markets within a radius of six hundred miles at a great advantage.

Louisville is located at a point where the traffic flows from the north and the southeast. It is, therefore, a natural distribution center for the products from one region to the other. This is a great gateway for shipments of lumber, also whiskey and tobacco. Agricultural implements, pig iron from southeastern furnaces, and wagons form an important part of her commerce.

Chicago is the midway traffic center for through eastern and western shipments. The freight rates permit Chicago to compete with St. Louis, Kansas City and Omaha, as a distributing center of live stock, grain products, and manufactured goods. It is the center of the great wood industry, on account of the large lumber supply in the adjacent states. It is also the central market for coal, from leading coal fields. Its thousands of factories produce iron, steel, lumber and the many heavy articles of commerce. It is the greatest packing center, also the largest cattle and horse market in the world. It is also the greatest center for the production of agricultural implements. Very little attention is given to the manufacture of woolen goods and complicated machinery. Differentials in rates have eliminated the rivalry between St. Louis and Chicago for the trade of western markets. St. Louis has advantage over Chicago on account of its freight rates in shipping its goods into the southwestern markets.

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The flow of traffic through and from the cities of St. Louis and Kansas City, is practically the same as Chicago, because the freight rate structure aims to put these central cities on the same distribution basis. Kansas City, of course, is on the eastern boundary of the great grazing and grain region and on the western frontier of the great manufacturing section of the United States. It is a very important point for the distribution of live stock and live stock products, grain and grain products.

Minneapolis and St. Paul owe their growth to the fact that they are the last important trade centers on the Mississippi river. A large amount of the commerce between St. Paul and St. Louis is carried on by water transportation. The freight rates have been so adjusted that St. Paul and Minneapolis are the distributing and jobbing centers for the northwest. The commerce of Minneapolis consists mostly of flour, and on account of water transportation between Duluth and Buffalo, the low freight charges have made Buffalo a competitor with Minneapolis in the flour milling industry.

Denver is located midway between the Pacific Coast and the Mississippi valley, and the main channels of traffic radiate into the great west. The spirit of the long and short haul clause will tend to make the intermountain cities greater distributing centers. Western competition, together with the practice of making Pacific Coast cities jobbing centers, have resulted in the establishment of freight rates, causing the flow of traffic across the intermountain states to the jobbing centers on the Pacific Coast and returning the traffic to various points in inland territory.

On account of certain commercial and physical conditions, traffic zones have been built up in various sections of the country. These zones contain jobbing points for the distribution of the commodities to the various adjacent sections. Among these may be mentioned the Texas Common Points, the Colorado Common Points, Utah Common Points, Montana Common Points, Mexican Common Points, Arkansas Common Points, Louisiana Common Points, Mississippi Valley Common Points, Spokane Common Points, Northern Pacific Coast Terminals, and the California Terminals.

There are also important gateways through which a large volume of traffic flows, such as the Missouri and Mississippi River Crossings, the Ohio River Crossings, and the Virginia cities. The freight rate structures are the result of competitive, commercial and physical conditions.

THE CLASSIFICATION OF ARTICLES OF COMMERCE.

From this brief consideration of the many factors controlling the commerce of our country, it is apparent that there are many industrial,

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commercial, and transportation conditions which the railroads must recognize in making freight rates.

It would be impractical to establish a different freight charge on every different article shipped in the United States. In the first place there are about twenty-five thousand different articles offered for transportation, and if it were possible to make a separate rate on every one of these articles, it is obvious that it would be impossible to establish a different rate on every one of them between the different points in the country. It has been estimated that there are about 600,000,000 different rate combinations in the United States. The publication of such a tremendous mass of rates would be an impossibility. In order to meet this condition, the railroads have found it practical to place various articles having transportation likenesses in certain classes or groups.

Each section of the country on account of climatic forces, produces different articles of commerce. Specialized production directly affects transportation facilities. In order, therefore, to meet commercial and industrial conditions, the railroads of the country, at the present time, maintain three classification committees for the purpose of classifying all the various articles, which are offered for transportation in the United States. One of these Committees, known as the Official Classification Committee, has jurisdiction of all articles offered for transportation in that part of the United States, which in a general way, lies east of the eastern shore of Lake Michigan and Illinois-Indiana State Line and north of the Ohio and Potomac Rivers. The territory directly south of this section and east of the Mississippi River is controlled by the Southern Classification Committee. All of the remainder of the United States is under the jurisdiction of the Western Classification Committee. You should distinctly understand that the boundaries of the various Classification Territories are not absolute. In order to meet various transportation, commercial and industrial conditions, it has been necessary for the different classification committees to extend their jurisdiction to points in other territories. The only definite method of determining what classification to use is reference to the tariff naming the rates.

THE OFFICIAL CLASSIFICATION TERRITORY.

You should refer to the map and fix definitely in your mind the boundaries of the Official Classification Territory. You will find that it covers more particularly that part of the United States, bounded by a line beginning at a point on the northeastern coast of Maine, continuing north and west along the Canadian boundary, down the east coast of Lake Michigan to the Indiana-Illinois State Line, then following the

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Ohio River and including cities and towns on both the banks of the Ohio, to a point directly west of Cincinnati, then following an imaginary line directly south of the right of way of the Chesapeake and Ohio Railroad in Kentucky to Catlettsburg, Kentucky, continuing then along an imaginary line to Charleston, West Virginia, to Glenlyn, Virginia, on along the right of way of the Norfolk and Western Railroad, to Newport News, Virginia, including all stations located on the Norfolk and Western Railroad.

It is claimed by some authorities that there is no such thing as a boundary to a classification territory. It is claimed that the jurisdiction of a classification committee is only to the towns to which the classification applies as expressed in the various tariffs. All points in the state of Illinois, also points in the eastern portion of the states of Wisconsin, lying on and adjacent to the west bank of Lake Michigan, are under the jurisdiction of the Official Classification Committee. This Committee also has jurisdiction over many shipments in the Southern and the Western Classification Territory. However, these exceptions should not give you any difficulty because the Interstate Commerce Law requires that all exceptions to application of the Classification must be distinctly stated in the tariffs.

The principal function of the various Classification Committees is to classify the various articles offered for transportation. These Committees do not fix freight rates. The actual freight rate per hundred pounds is made by the Tariff Departments of the Railroads, by Freight Committees, or by other agencies. The rates, however, depend directly upon the classification. Therefore, the work of the various classification committees forms the basis for the making of the freight rates. In a general way three important rate associations have jurisdiction in the Official Classification territory. If you will refer to your map you will find that the eastern third of this territory is known as the New England Freight Association Territory, the middle section as the Trunk Line Association Territory, and the western as the Central Freight Association Territory. These territories are under the jurisdiction of Committees which fix freight rates on the various classes of goods which are classified by the Official Classification Committee.

THE SOUTHERN CLASSIFICATION TERRITORY.

You should now fix in your mind more definitely the boundary of the Southern Classification Territory. If you will refer to your map you will note that this territory comprises several states and parts of states bounded by a line which begins at Portsmouth, Virginia, and continues directly south of and parallel to the line of the Norfolk and Western Railway to Glenlyn, Virginia, then along an imaginary line passing

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through Charleston to Catlettsburg, Kentucky, continuing along an imaginary line directly south and parallel to the right of way of the Chesapeake and Ohio Railroad in Kentucky to Cincinnati, Ohio, then on west along the course of the Ohio river, but not including the stations located on either bank of the Ohio, on to the intersection of the Ohio with the Mississippi River, south along the bank of the Mississippi River to its terminus in the Gulf of Mexico. This territory is under the jurisdiction of the Southern Classification Committee, with headquarters in Atlanta, Georgia. This Committee publishes a classification of all articles offered for transportation in this section of the country. The jurisdiction of this Classification Committee extends to many points in other territories, which must be determined by reference to the tariffs.

The Southern Classification Territory is divided into a number of rate territories, in fact, there are more rate territories in the Southern Classification Territory than in any other section of the United States. Many of these territories overlap each other, therefore, making the rate structure in this section very complicated and intricate. If you will refer to your map you will find that the Southern Classification is subdivided into the Southeastern Mississippi Valley Association and the Southeastern Freight Association, also the Associated Railroads of Virginia and Carolinas Territory. In this section are the Mississippi Valley Territory, the Montgomery Sub-Territory, the Atlanta Sub-Territory, the Carolina Territory, also the Carolina Territory south of the Walahalla line, and the Green Line Territory.

THE WESTERN CLASSIFICATION TERRITORY.

Your attention is now directed to a more definite boundary of the Western Classification Territory. This Territory covers all of those states in the western two-thirds of the United States and west of a line beginning at Sault Ste. Marie, a point in the Upper Peninsula of Michigan, west of a line continuing along the Strait of Mackinac, extending south along the west shore of Lake Michigan to the beginning of the Illinois-Indiana State Line, continuing along the boundary between Illinois and Indiana to the Ohio River, then along the Ohio River to its junction with the Mississippi River to its terminus in the Gulf of Mexico, then extending in a southwestern direction along the shore line of the Gulf of Mexico to Brownsville, Texas, on the Rio Grande River and including the Republic of Mexico. This Territory on the north is bounded by the Canadian Border and Lake Superior.

The Western Classification Territory is divided into a number of rate territories as, the Western Trunk Line Territory, the Southwestern

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Tariff Committee Territory, the Trans-Missouri Freight Bureau Territory, the Trans-Mississippi River Territory, the Trans-Continental Freight Bureau Territory, the Pacific Coast Territory, and a large number of basing and common points, as:—Louisiana Common Points, Arkansas Common Points, Mississippi River and Missouri River Common Points, St. Paul, Duluth, Winona, and Common Points, Northern Pacific Coast Terminals, and the California Terminals.

STATE CLASSIFICATIONS.

The three Classification Committees, having jurisdiction over the classification territories, publish classifications, which gives an itemized list of all of the various articles offered for transportation in the United States. There are, however, various state classifications, and exceptions to the three general classifications in certain localities. There is a State classification in Illinois and Iowa. Exceptions are published in the Southern Classification which cover state traffic in Florida, Georgia, North Carolina, and other states in the Southeast. These classifications in general apply only on state traffic or as a basis of making rates within the state to which they apply. There are some exceptions to this, particularly in the case of the Illinois classification.

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It would not be practical for each railroad to make a separate classification of the articles which are offered to it for transportation. Commercial and industrial conditions are so different in different sections of the country that greater uniformity in the classification of goods is demanded than can possibly be attained by each carrier making a separate classification of all articles, therefore the classifications are made by committees representing the carriers. Each of the large Classification Committees, the Official, Southern, and the Western, represent a large number of different railroads. In the establishment of these Committees, each carrier appoints a traffic representative.

Each Committee has a secretary and a chairman, who receive the requests of shippers, for the classification of new articles of commerce or the adjustment of the classification of articles already catalogued. A vast amount of work is required of these Classification Committees. The Western Classification Committees is now revising its classification book for the fifty-first time. These committees make numerous changes every year. The changes in the classification of articles, made by the various classification committees, are accepted by the railroads as final. There are about five hundred and forty railroads represented by the Official Classification Committee. Four hundred and eighty by the

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Western Classification Committee, and one hundred and seventy by the Southern Classification Committee.

The Transcontinental Freight Bureau has no jurisdiction over classification matters, but publishes a number of commodity rates between the Atlantic and Pacific, also interior coast territory. The tariffs are governed by the Western Classification. It publishes several general and special tariffs.

CHARACTERISTICS OF CLASSIFICATION SCHEDULES.

The Official Classification Committee has divided the articles offered for transportation in its territory in practically nine classes, which comprise six numbered classes and the three rules, Nos. 25, 26 and 28. It also carries rule 27, which regulates the minimum weight based on the size of the various cars. These rules permit the shipment of articles at rates which are a certain percentage less than the regular class rates.

There are about twelve hundred distinct items in the Official Classification. Many of these take four times the first class, others three times, a few two and one half times, others two times, and still others one and one-half, or one and one-fourth times the first class rate, making in all practically fourteen distinct classes in the Official Classification Territory.

The Southern Classification Committee has established classes on about five thousand different items. These have been grouped under thirteen different classes, six of which are numbered classes and the others designated by the seven letters of the alphabet. Many of the articles of the Southern are rated as four times, three times, two times, one and one-half time the first class rate. Many exceptions to these regular classes apply on different railroads.

The Western Classification Committee shows classes for about eight thousand different articles, which are divided into ten classes, five lettered and five numbered. This Committee also classifies many of these articles as four times, three and one-half times, three, two and one-half two, and one and one-half times first class, making practically sixteen different classes. It also carries rule 6B, which has relation only to the minimum weights to be used for different size cars.

OTHER DUTIES OF CLASSIFICATION COMMITTEES.

The Classification Committees, in addition to designating the various classes to which the articles belong, also perform the function of establishing carload minimum weights, making rules governing the packing of shipments, rules governing loss, damage and liability in connection with the shipments, estimates of gross weight, rules estab-

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lishing the dimension of standard cars, and also rules governing the movement of tank cars.

There are many differences in the requirement of the rules, regulations and classifications, prescribed by the various committees. These differences are practically all caused by differences in the productive areas of the country, due particularly to traffic, industrial, and Commercial conditions. Many articles which are of great importance in one territory are practically insignificant in another territory. One section of the country is a great manufacturing section, whereas another is given up almost entirely to producing food products. The flow of traffic to meet commercial conditions has resulted in the development of many differences in the rules, practices and classifications of the various committees. An attempt has been made to unify all the classifications. At the present time a Uniform Classification Committee is at work with the view of making a general classification, which will have jurisdiction in all sections of the country. The men having this in charge have been selected by the various railroads in the different territories, and are familiar with the conditions in the territory they represent. It is believed, however, that any material change in the present classifications, as to rates, will greatly disturb business. Even though a uniform classification should be adopted, there would be so many exceptions to it, that the confusion would be practically as great as under present conditions.

TRAFFIC TERRITORIES AND RATE ZONES.

The object of the Classification Committees is to classify the articles of Commerce offered for transportation. The function of the Freight Rate Committees and Associations is to establish freight rates on the articles, which have been classified by the Classification Committees or to make special rates on certain articles, eliminating them entirely from the classification, when traffic conditions demand it. Such special rates are known as commodity rates. The establishment of Traffic Territories, Rate Zones, and Committees which have jurisdiction over them, is the result of an attempt on the part of the railroad to adjust rates to meet all of the various industrial, traffic, and Commercial conditions of the country.

CONDITIONS CONTROLLING RATE MAKING.

Before going into a study of the various traffic territories, rate zones, and committees controlling them, you should give some attention to the many factors which enter into the establishment and adjustment

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of freight charges, that you may understand the need of the Freight Rate Associations.

With our present knowledge of the cost of transporting any unit of freight between two points, it is not possible to establish a freight charge on any given shipment on a scientific basis. There are so many considerations and such an endless variety of circumstances and conditions which affect the cost of transportation, that it is impossible from observation, experience, or from calculation, to formulate general rules, or establish workable theories for the making or adjustment of freight rates.

Transportation is a public service. Two classes of people must be served. First, the shippers, and second, the carriers, or those who invest their money in the transportation lines. The freight rates must be low enough, after paying a reasonable dividend, to insure the greatest profit and lowest selling prices to the shipper and enable him to compete in various territories.

If it were possible to determine the cost of shipping any unit of freight between two points, this question of making freight rates would not be difficult of solution. The actual transportation cost on any unit of freight cannot be ascertained. Moreover, it cannot be estimated in advance, as to the volume of traffic, which will be offered for shipment over any given line, during any particular period. For these reasons it is impossible to estimate accurately in advance the actual earnings of any particular line of railroad, which is a necessary factor in determining the amount of freight charges on any unit of freight.

If the rate is too high the selling price of the goods will be too high, and therefore the traffic cannot move. If the freight rate is too low, the common carrier cannot maintain facilities for transporting the goods to market, in which case the shipper, carrier and consignee will suffer, involving a loss to all concerned. The freight rates therefore must be established at some point, between the minimum and the maximum rate. This can only be determined by analyzing certain circumstances and condition, governing the movement of the shipment.

In many cases the railroad companies have little control over their freight rates. They usually adjust their charges to conditions and circumstance. In a zone of great traffic density, however, the freight charge, which may permit the traffic to move, might be very much greater than the amount, sufficient to produce a reasonable earning, on the actual money invested. Any advance in rates above the point, which will pay a reasonable dividend on the stock and bonds, must

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either come out of the profits of the shippers or be added to the selling price of the goods and paid by the consumer.

Government regulation of freight rates is necessary to establish the lowest possible rates, which will permit the traffic to move freely, and at the same time pay a reasonable dividend on the money invested in the transportation companies. Without such government regulation Wall Street stock manipulators are free to over capitalize the transportation companies and therefore put the graft money in their own pockets.

There are many difficulties attending the establishment and adjustment of freight rates in the various territories of the country all of which are characterized by many traffic differences. None of the duties placed upon the Interstate Commerce Commission, by the Act to Regulate Commerce, are more perplexing and difficult than those of determining what are reasonable and unreasonable rates. The question of the reasonableness of rates involves so many considerations and it is affected by so many circumstances and conditions, which at first seem foreign to the subject, that it is quite impossible to deal with it, on a purely mathematical basis, or establish any principles without a consciousness, that no conclusion which may be reached can be demonstrated as absolutely correct. It has been shown, that to take each class of freight by itself, and measure the reasonableness of charges by reference to the cost of transporting that particular class, though it might seem abstractly just, would neither be practicable for the carriers nor consistent with public interest.

The difficulties here referred to of passing upon the question of reasonableness of rates, are doubtless very great to both the shipper and the carrier; but how much greater must be the difficulties to the carriers in making their freight tariffs? The rates of freight must be sufficiently low to result in the development of the largest amount of traffic; and, at the same time, they must be high enough to produce sufficient revenue, to pay for the cost of maintenance and operation of the roads, and, if possible, a reasonable interest on the investment.

The rates must in no case exceed the value, to the public, of the service rendered, which is determined by commercial laws, by competition of products with products, by the value of the articles of freight at the places of production, or manufacture, and the places of consumption, and by other circumstances and conditions. The rates must be adjusted in compliance with the laws of the States, and with the Act to Regulate Commerce. They must comply with the second section of the Act, which prohibits unjust discrimination against persons or corporations; they must comply with the third section of the Act,

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which provides that there shall be no undue or unreasonable preference or advantage, given to any particular person, company, firm, corporation or locality, or to any particular description of traffic, in any respect whatsoever; and they must also comply with the fourth section of the Act, which declares that it shall be unlawful to charge or receive any greater compensation in the aggregate for the transportation of property, for a shorter than for a longer distance over the same line, in the same direction, except under circumstances and conditions which the Act does not define, and of which the Commission is required to judge in the first instance, at least so far as regards their similarity, or dissimilarity.

It is not sufficient that their rates may be just and reasonable in and of themselves. They must also be relatively reasonable. They may be both reasonable in and of themselves, and relatively reasonable, and yet be claimed to be in conflict with the short and long haul section of the Act. If, in order to remove that difficulty, the rates to and from terminal points are advanced so as to conform to the alleged requirements of the long and short haul section of the Act, the rates may be higher than the value of the service to the public, in which case the company must lose the traffic. If, on the other hand, the rates to and from intermediate points are reduced, the loss of revenue may be so great that the railroad companies may find themselves unable to pay the cost of maintaining and operating their roads.

The establishment of equitable freight rates on the articles of Commerce, offered for shipment, requires the makers of freight rates to familiarize themselves with the various commercial and industrial conditions in the country, which directly affect both the carriers and the shippers. It would be interesting to trace the development of rate making from the simple rate sheets of early days to the highly organized freight tariffs with their elaborate classifications, embracing thousands of articles, and note the influence and effect of surrounding circumstances, that necessitated from time to time, modifications and additions.

The cost of the movement of freight is a small portion of the total cost of transportation. In fact it is claimed that the constant expense of the railroad is about 60% of the revenue. The largest portion of the cost, therefore, is fixed and must be maintained without regard to the volume of traffic. Most of the questions involved in the fixing and adjusting of freight rates are of a commercial and economic character and therefore subjected to commercial and economic laws. One of the most important and in many cases the controlling factor is competition. This competition is usually between carriers by rail, competition

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with rail and water carriers, competition with water lines, competition between markets, or competition of products with other products, in various territories.

Competition is the act of striving for something that is sought for by another at the same time. There are two kinds of competition—legitimate or healthy competition, which is the life of trade, and illegitimate or unhealthy competition which results in the ruin of trade and the ruin of the competing traders. Competition between railroads is legitimate, when their managers strive to put their properties in the best condition for efficient, safe and economical operation and to render the best possible service at reasonable rates.

Illegitimate competition results from a struggle on the part of another to get more than his share of competitive traffic, resulting in a benefit to one of the carriers and ruin to the other. This kind of competition results in rate wars. The principal weapon used in a "rate war" is a radical reduction in rates. In many cases the competitors are forced into bankruptcy. This, however, does not mean victory for the survivors, because at the close of the controversy, the main issues between them are unsettled. The law of evolution, which decrees "that the fittest shall survive," does not apply to competition between railroads, simply because the railroad is rendering a public service.

Railroads usually do not willingly engage in rate wars. After the construction and equipment of their roads, they have a large constant expense to be maintained, and therefore they are induced to secure the largest possible tonnage. The extremely low rates caused by rate wars, defeat the revenues of the railroads, and necessitate the reduction of wages. Manufacturing interests connected with railroads also are compelled to suffer by reduction of expenses forced upon railroads by diminished earnings. The most serious evils that result from unrestrained competition fall upon mercantile communities, whose best interests require that rates of transportation shall be just, reasonable and non-discriminatory. Fluctuating rates are very injurious to the development of Commerce. The Interstate Commerce Law requires the public carrier to furnish to all people, just and reasonable rates, but under free competition. It is difficult for railroads to fully comply with the law.

Competition is stronger than any law which Congress can make. Legislation of the most drastic kind has failed to fully eradicate the evil of unjust discrimination, which has for many years been the cause of most complaints by the public against the railroads. It is believed by most experts that as long as each carrier is left alone to make his

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rates and charges, different from those of all the others for the same service, there can be no stability of rates and unjust discrimination of all kinds cannot be entirely prevented.

Competition between railroads differs materially from Commercial competition. The effect of the competition between industries is more or less local and confined only to certain branches of Commerce. Competition between railroads affects all branches and even the entire commerce and the industries of a large section of the country. Owing to the inner dependence of rates, rate wars between two railroads of one section, may involve many other railroads, even though these sections are remote from the conflict.

WHY FREIGHT TRAFFIC ASSOCIATIONS ARE ESTABLISHED.

For the purpose of establishing just and equitable rates, eliminating rate wars, and regulating competition by means of rate agreements, the various freight rate traffic associations of the country have been organized, each having jurisdiction over a certain section of the country.

It is evident that the transportation service of the carriers should be rendered to the public as a unit. There should be uniformity in the service, and it should be developed to the highest degree of perfection. This can only be attained, when it is possible for shippers to offer their goods at any one point in the country and have them transported to any other point, with the least expense and with the greatest convenience, notwithstanding that the shipments may pass over the lines of many different carriers. In order to perfect this complete service, it is necessary that the various carriers co-operate with each other. This is best accomplished through traffic associations.

The conditions which existed before the traffic associations were organized is well brought out in the resolutions adopted by one of the early Traffic Associations as follows: .

"Whereas, the ruinous competition now existing between railroad lines, represents the demand for a speedy change and a prompt return to remunerative rates of transportation; and

"Whereas, the disreputable custom, that has in the past few years grown up of paying bribes to obtain business over competing lines, has so demoralized railway management and the communities through which the railways operate, that a prompt and radical change is called for by every consideration of honor and honesty; therefore, be it

"Resolved, That standard rates of transportation shall be established and maintained, by which stockholders may enjoy with their patrons the benefits created by their respective lines, also may it be

"Resolved, That all kinds of bribery and corruption in the form

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of drawbacks and rebates, paid to obtain patronage, shall, in the future, be regarded as disreputable, dishonest and unbecoming of railroad management, demoralizing to railroad employees and their patrons; and we hereby pledge ourselves and our companies to discontinue business relations with railroad companies or individuals, that shall continue these disreputable practices."

The history and development of the various Traffic Associations, which have resulted in the establishment of most equitable rates for shippers and carriers is interesting and somewhat profitable, but it is not necessary for us to take it up in this work. During the last few years the traffic of the various railroads has increased so greatly that carriers have been compelled to give special attention to rendering the best possible service to shippers. In order to take care of the constantly increasing demands upon the carriers for a higher organized traffic service and more equitable freight charges, a large number of traffic associations, freight committees, and bureaus have been organized and developed, to meet the various demands, which changing conditions have placed upon the carriers.

The present traffic associations of the country, to meet these present conditions may be divided into four classes: 1. Those which give special attention to particular kinds of traffic. 2. Those which give their attention to the traffic of particular rate zones and cities. 3. Those having jurisdiction over the traffic of a certain state or section of the country. 4. The traffic associations having jurisdiction over large areas of the United States, to which practically all of the various railroads appoint representatives to look after their various interests.

The traffic associations, committees and bureaus, conforming to the above classification are as follows:—

I. MAJOR TRAFFIC ASSOCIATIONS.

1. The New England Freight Association.
2. The Trunk Line Association.
3. The Central Freight Association.
4. Associated Railways of Virginia and the Carolinas.
5. The Southeastern Freight Association.
6. The Southeastern Mississippi Valley Association.
7. The Western Trunk Line Committee.
8. Trans-Missouri Freight Bureau.
9. The Southwestern Tariff Committee.
10. The Trans-Continental Freight Bureau.
11. The Canadian Freight Association.

II. MINOR TRAFFIC ASSOCIATIONS.

1. Colorado Freight Bureau.

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2. Colorado-Utah Freight Bureau.
3. Local Utah Freight Bureau.
4. Illinois Freight Committee.
5. Michigan Freight Committee.
6. Northern Freight Committee.
7. Virginia Freight Traffic Association.
8. Mississippi Valley Freight Association.
9. Western Pennsylvania & Eastern Ohio Railway Traffic Association.

III. LOCAL FREIGHT TRAFFIC ASSOCIATION.

1. Buffalo Freight Committee.
2. Chicago Freight Committee.
3. Cincinnati Freight Committee.
4. Lorain Freight Committee.
5. Dayton Freight Committee.
6. Detroit Freight Committee.
7. Indianapolis Freight Committee.
8. Louisville Freight Committee.
9. Milwaukee Freight Committee.
10. Minneapolis Freight Committee.
11. New Orleans Freight Committee.
12. Peoria Freight Committee.
13. Pittsburgh Freight Committee.
14. St. Louis Freight Committee.
15. Sandusky Freight Committee.
16. Springfield Freight Committee.
17. Toledo Freight Committee.
18. Wheeling Freight Committee.
19. Danville Freight Committee.

IV. SPECIFIC TRAFFIC COMMITTEES.

1. Gulf Foreign Freight Committee.
2. St. Louis Coal Traffic Bureau.
3. Ohio Coal Traffic Association.
4. Southern Iron Committee.

The Supreme Court has declared that any associated action by railway associations, for the purpose of maintaining and making rates is in violation of the Anti-Trust Act. This decision was brought out in the Trans-Missouri Association and in the Joint Traffic Association cases. It is generally believed, however, by Traffic Experts that the Interstate Commerce Law should be amended to permit the Traffic Associations to carry on their work under the supervision of the Inter-

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state Commerce Commission. The purpose of the more important Traffic Associations is outlined in the articles of organization of the Southwestern Tariff Committee as follows:—

"Such Committee shall be conducted by a Chairman, who shall be subject to the direction of the Executive Committee. The Executive Committee may prescribe such rules as are necessary to the proper conduct of the Committee, and shall have supervision of all expenditures. The work of the Committee shall be confined to the publication and the distribution of the Tariffs issued for the members, and the necessary details in connection therewith.

"The Chairman shall be the Agent of each individual line, and the Tariffs issued by him as such Agent shall be upon the authority of Power of Attorney, given to him as required by the rules of the Interstate Commerce Commission. The lines, parties hereto, agree to pay their proportion of all expenses incurred by the Committee, during their membership on a basis to be fixed by the Executive Committee.

"The traffic to which these Articles relate shall be (with designated exceptions) all Interstate Freight Traffic and Freight Traffic with foreign countries, having origin or destination in the States of OKLAHOMA, TEXAS, including TEXARKANA and LOUISIANA. These articles also include Freight Traffic from points in the United States, west of Seaboard Territory, and east of and including Utah common points, to Common Points in the Republic of Mexico, via all-rail and Gulf routes. It is the purpose of the lines, parties hereto, to extend the publication of joint or common tariffs to other territory, should it be found practicable."

The Constitution and By-Laws of the various Traffic Associations is the best source of information regarding their functions. It is not necessary to consider all of them in this work. The Official Guide published monthly in New York, furnishes a complete list of all the Traffic Associations, together with the names of the chairmen and the names of the railways which are members of the Associations. In writing to any of the Associations regarding traffic business you should ascertain the name of the chairman, who should be addressed personally.

The Central Freight Association is probably the most highly organized and the most efficiently operated Traffic Association in the country. The purpose of this Association, as stated in the articles of organization are:—

"To enable the members to confer, advise, and co-operate with each other and with other roads on the subject of divisions of through rates, statistics, classifications, rules, regulations and inspections, and to secure to the members the interchange and promulgation of authentic information in regard to the Traffic and Tariffs and rates of the respective parties.

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"The members of the Central Freight Association in order to carry out the purposes for which it is organized agree to submit 'All questions of common interest upon which action is desired; to arbitrate all differences upon the questions coming within the scope of the agreement, to send to the chairman two copies of all local and Joint State and Interstate Tariffs and changes therein, also classifications, and rules at the time of making, issuing, or filing the same with the Interstate Commerce Commission; also copies of all agreements with other common carriers in relation to the rates and divisions of traffic coming in whole or in part under this agreement.'"

The work of the Central Freight Association is carried on by the chairman and his assistant. The meetings of the Association are attended by representatives of the various lines which are members. There are regular meeting, and special meeting, which may be called by the chairman on five days notice or by request of five members.

When any of the members of the Association desire a change in a traffic agreement or rates, his wants are communicated to the chairman, who informs all other members of the association by letter. The subject matter of the letter is finally taken up and disposed of to the entire satisfaction of all the members of the association. Most of the rate matters of the association are handled by two standard committees known as the Chicago Ohio River Committee and the St. Louis, Cincinnati, Louisville Freight Committee. There is also a Joint Rate Inspection Bureau, which is concurred in by the Western Trunk Line Committee.

There is a Weighing and Inspection Bureau, whose "Officers and Inspectors shall, when necessary, examine and correct when and where found, all errors in rates, classifications and weights on all classes of through and local tonnage, which is carried over the railway companies of the Association." This Bureau, therefore, acts as a protection to most shippers and carriers against fraudulent billing, weighing and classification.

The various Freight Traffic Associations are rendering an important service in making and publishing rates, with the least expense and in developing rate structures which are best adopted to the growth of our Commerce and the conditions and circumstances of our growing industries. The value of Traffic Associations in the computation of rates, which are concurred in by the various carriers, is brought out in one of the articles of the Southwestern Tariff Committee as follows:—

"Believing that the publication of rates in joint or common tariffs is desirable for both the shipper and the carrier, that it accomplishes uniformly and avoids the conflict and confusion of

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individual issues; also that it will result in a more intelligent compliance with the spirit of the Act to Regulate Commerce, and the orders and the rules of the Interstate Commerce Commission, regarding the publication of tariffs, and also in economy in such publication; the lines, parties hereto, have formed an organization known as the Southwestern Tariff Committee."

The Southwestern Tariff Committee is accomplishing an important work which is briefly outlined by its chairman, Mr. Leland, as follows: "An organization of this nature, under different names, has been in existence among the Southwestern lines, dealing with rates from the State of Texas, for about twenty years. Its principal function at the present time is to compile and print for its members and the other participating lines what are known as common tariffs, embodying rates for all such lines in the common territory. This results in tariffs which are more uniform in application and more intelligently represent the views of the Interstate Commerce Commission, as expressed in their Tariff Circulars, while reducing to a very great extent, the expense which carriers would be put to were such rates published by each separately."

Our tariffs contain from 20 to 500 pages each, and apply between practically all of the territory in the United States and the States of Oklahoma, Arkansas, Louisiana, Texas, and the Republic of Mexico. This method of tariff publication has been greatly encouraged by the Interstate Commerce Commission for the purposes mentioned above, and it represents the greatest development along these lines of any similar organization in the United States. In other words, while our membership and territory may not be as extensive, the number of publications issued by this office is far greater than by any other tariff agency.

"The other important function of this commission is that of affording to the railroad companies facilities for the expeditious handling of the suggestions for rate changes, which are constantly being received by the carriers from the interested shipping public. The carriers believe that only by a free interchange of views among themselves and the interested shippers, can these suggestions as to rate changes be made in a manner, at all satisfactory to either the carriers or to the shipping communities. In other words the shipper applies to one or more railroad companies for a better adjustment of freight rates on his traffic, enabling him to increase his trade at certain markets, which he fears he will be deprived of, by some other shipper at some other shipping point which, in his opinion, has a better relative freight adjustment. There are very few cases where the shipper contends that the rate per se, is unreasonable.

Manifestly, requests of this kind could not be accepted by the interested carrier without some discussion with the other lines, serving the shippers, from the other points of origin and other shippers interested in the same commodities. This could be done by correspondence or by conference direct with such parties, but

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the number of such requests is so great, that it is systematized by the use of this organization and the holding of meetings at stated periods, at which these subjects are discussed between the railway representatives, and at which the shippers are given an opportunity to be heard. We then keep a record of conclusions, that were reached and proved, to a very large extent, with the publication of such changes, for account of all the lines, as may have been decided upon as a result of the discussion.

There is no attempt in this organization to restrict the freedom of the members in placing in effect from time to time any rates which they decide it is to their interest to make, and every carrier, member of the organization, has the undisputed right to instruct the chairman, as its agent, to publish any rates which it cares to adopt. The members obligate themselves, however, before making such change to outline the reasons for the change desired and discuss its effect on other markets, other commodities, and shippers with the other lines that may be affected by such change. Another important function of the organization is the distribution from this central office to interested shippers, the tariffs issued by the committee. This is accomplished by members furnishing us the names of the shippers they desire us to supply with one or more issues. This eliminates the delay which would be incident to the furnishing of such tariffs by the interested carriers, and also avoids duplication, as we do not send tariffs, if the shipper is already on our mailing list.

This brief discussion should give you a very fair idea of the duties of the various Rate Committees, Associations, and Bureaus which control the rate structures of the United States. You will now give your attention to the various territories controlled by these different Associations, Bureaus and Committees.

THE CANADIAN FREIGHT ASSOCIATION TERRITORY.

You should refer to your map and fix firmly in your mind the territory which is known as the Canadian Freight Association Territory. This territory includes points in Canada east of, but not including Port Arthur, Ontario, also east of and including Sault Ste. Marie, Sarnia, and Windsor, Ontario. This territory is under the jurisdiction of the Canadian Freight Association with offices in Toronto, Canada.

THE NEW ENGLAND FREIGHT ASSOCIATION TERRITORY.

You should now fix in your mind the boundaries of the New England Freight Association Territory by tracing the outline of this territory on the map. You will please note that there are six New England states in this territory, namely—Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut and Maine. This territory also includes stations on the Boston and Albany Railroad and the Boston and Maine Railroad in New York east of the Hudson River and points on

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the New York, New Haven and Hartford Railroad, east of the Hudson, except New Rochelle, New York, and points on the New York division west of the Hudson River. The New England Freight Association Territory is under the control of the New England Freight Association. Mr. George D. Davis, Boston, Massachusetts, is the agent.

THE TRUNK LINE ASSOCIATION TERRITORY.

Your attention is now directed to the Trunk Line Association Territory. By referring to the map you will note that this is the second or central division of the Official Classification Territory, and is bounded on the east by the New England Freight Association Territory and the Atlantic Ocean, and on the west by the Central Freight Association Territory. The boundary line of the Trunk Line Association Territory is not absolute, but the boundary given on the map will give you a general idea of that part of the United States which it covers. It should be remembered that this territory includes Virginia Common Point Territory, which comprises points in Virginia, governed by the Official Classification. A more definite conception of the boundary of the Trunk Line Association Territory will be attained if you will trace this territory on the map.

Trunk Line Association Territory includes that section of the United States bounded by a line running along the eastern boundary line of the state of New York, with exception of stations on the Boston and Albany Railroad and the Boston and Maine Railroad east of the Hudson River, also those stations on the New York and New Haven and Hartford Railroad, which are east of New Rochelle, New York. The line then continue south of the northern boundary of the state of New York, along the western boundary of New York, continuing east and south of a line drawn east of Lewistown, Lockport, North Tonawanda, Depew, Lancaster, Kellogg and Hamburg, New York. The line then continues east of the Erie Railroad and Dayton, New York, to Salamanca, New York, and then east of the Pennsylvania Railroad, the Allegheny division, to Kiskiminetas Junction, Pennsylvania, continuing on east of the Pennsylvania Railroad to Blairsville Intersection, Pennsylvania, on north and east of the Pennsylvania Railroad to Conemaugh, Pennsylvania, with the exception of those stations on the Indiana branch. The boundary line then continues east of a line from Johnstown, Pennsylvania, along the Baltimore and Ohio Railroad to Watson, Pennsylvania, with the exception of the stations on the Baltimore and Ohio Railroad, known as Confluence to Unamis, Pennsylvania. The boundary then follows along south of the southern boundary line of Pennsylvania to Point Marion, Pennsylvania, except those

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stations from Watson, Pennsylvania, to Kendal, Maryland. From this point the boundary continues south and east of the Baltimore and Ohio Railroad to Point Marion, Pennsylvania, to Fremont, West Virginia, Grafton, Clarksburg, Point Pleasant, Kenova, West Virginia, with the exception of the stations on the Kanawha and Michigan Railway, stations and Chesapeake and Ohio Railway, stations on the main line and lateral branches west of and including Kanawha City, West Virginia.

The Trunk Line Association Territory includes stations on and north of the Norfolk and Western Railway from Kenova, including Norfolk, Virginia. It also includes stations on the branches of the Norfolk and Western Railway, which are west of Roanoke, Virginia. Stations in Pennsylvania on the Ligonier Valley Railroad and Pittsburgh, Westmoreland and Somerset Railroad are also in the Trunk Line Association Territory. This territory is under the jurisdiction of the Trunk Line Association, Mr. C. C. McCain, agent, New York City.

CENTRAL FREIGHT ASSOCIATION TERRITORY.

You should now fix in your mind the territory of the Central Freight Association. This territory is divided into rate groups all of the towns in each of the groups, taking a certain percentage rate of the through rates from New York City to Chicago. The numbers in the groups represent the percentage of the through rate which applies to each town. These groups represent only the rates which apply on east bound shipments. The rates on west bound shipments, in some cases, are slightly different. You should note that the western part of the Central Freight Association Territory extends out of the Official Classification proper, covering practically all of the state of Illinois and a part of the eastern boundary of the state of Wisconsin. The Central Freight Association Territory extends also to many towns on the western bank of the Mississippi River, also to towns south of the Ohio River. It runs down into the Southern Classification Territory, including Lexington, Charleston, and several towns south of the Ohio. The Central Freight Association Territory is under the jurisdiction of the Central Freight Association, Mr. Eugene Morris, Agent, Chicago, Illinois.

THE WESTERN TERMINI OF TRUNK LINES

You will find by studying your map that there is a little territory or series of towns between the Central Freight Association Territory and the Trunk Line Territory. This is known as the Western Termini of Trunk Lines. This territory is more fully described as being that section of the country defined by a line drawn from Toronto, Ontario, along the shore of Lake Ontario through Hamilton to the Niagara

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River, along the course of the Niagara River and including both banks to Niagara Falls, New York, including the stations on the New York Central and Hudson River Railroad to Lockport, New York, inclusive, continuing from Niagara Falls, N. Y., along the right of way of the New York Central and Hudson River through North Tonawanda to Buffalo, New York, and then on along the line of the Buffalo and Rochester and Pittsburgh Railroad to Salamanca, New York, continuing along the Erie Railroad to Falconer Junction, New York, continuing along the line of the Dunkirk and Allegheny Valley and Pittsburgh Railroad to Warren, Pa., following then the line of the W. N. Y. & P. Railroad, Oil City, Pa., continuing on along the Allegheny River to Franklin, Pa., continuing along an imaginary line directly east of the Allegheny River to Butler, Pa., then along a line of the Pittsburgh and Western Railroad to Allegheny, Pa., then across the Allegheny River to Pittsburgh, then along an imaginary line to Belare, Ohio, to Moundville, W. Va., then along a line on the south bank of the Ohio River to Parkersburg, W. Va., including Charleston, W. Va.

The Western Termini of Trunk lines represent a line of points which from the western boundary of the Trunk Line Territory and the eastern boundary of the Central Freight Association territory. These points are: Allegheny, Pa.; Ashland, Ky.; Bellaire, Ohio; Black Rock, N. Y.; Buffalo, N. Y.; Buffalo Junction, N. Y.; Charleston, W. Va.; Corry, Pa.; Dunkirk, N. Y.; East Buffalo, N. Y.; Erie, Pa.; Huntington, W. Va.; Irvinton, Pa.; Kenova, W. Va.; Niagara Falls, N. Y.; North Tonawanda, N. Y.; Oil City, Pa.; Parkersburg, W. Va.; Pittsburgh, Pa.; Salamanca, N. Y.; Suspension Bridge, N. Y.; Titusville, Pa.; Wheeling, W. Va.

OHIO RIVER CROSSINGS.

You will find on the map several red dots from Cincinnati, Ohio, to Cairo, Illinois. These dots indicate the location of the Ohio River Crossings. They are special points on which rates are made, and are given in the tariffs. The Ohio River crossings are as follows: Brookport, Ill.; Cairo, Ill.; Cincinnati, Ohio; East Cape Girardeau, Evansville, Ind.; Jeffersonville, Ind.; Louisville, Ky.; New Albany, Ind.; Paducah, Ky.; Thebes, Ill.; Thebes Transfer, Ill.

VIRGINIA GATEWAYS.

The Virginia gateways are indicated on the map by red dots and include such towns as Portsmouth, Petersburg, Orange, Lytchburg, Richmond, Norfolk, Newport News, Virginia. The following are common points to the Virginia Gateways and take the same rate basis:

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Bristol, Va.; Dublin, Eggleston, Elliston, Hagerstown, Maryland; Lexington, Va.; New River, Pembroke, Pulaski, Roderfield, W. Va.; Salem, Christiansburg and Vickers. Also Alexandria, Basie, Berkley, Buchann, Buena Vista, Burkville, Charlottsville, Clifton Forge, Doswell, Virginia, etc.

RATE TERRITORIES IN SOUTHERN CLASSIFICATION.

You are now to consider the sub-divisions of the Southern Classification Territory. In this section of the country there are two classes of territories. First, the Association Territories which include, 1. The Southeastern, Mississippi Valley Association Territory; 2. The Southeastern Freight Association Territory, and 3. The Associated Railroads of Virginia and the Carolinas. The second, the Rate Adjustment Territories including:—1. The Mississippi Valley Territory; 2. The Southeastern Territory; 3. The Carolina Territory.

SOUTHEASTERN MISSISSIPPI TERRITORY.

This territory includes the state of Mississippi and a part of Alabama, Tennessee and Kentucky. It is known as one of the Association Territories. You should trace this territory on the map. It is bounded on the north by a line, which separates the southern from the Official Classification Territory, beginning at Cincinnati and extending to Cairo. The boundary line then continues south along the east bank of the Mississippi River to the Gulf, but includes Helena, Arkansas, and Vidalia on the western bank of the Mississippi River. The eastern boundary begins at Covington, Kentucky, and continues south along the line of the L. & N. to Winchester, Kentucky, on south to Middlesboro, Kentucky, continuing along an imaginary line through Jellico and Harriman to Harriman Junction, Tenn., then continuing along the C., N. O. & T. P. Railway to Chattanooga, on along the A. G. S. Railway to Attalla, then on along the Alabama Mineral division of the L. & N. Railroad to Calera, continuing along the L. & N. to Montgomery, on to Pensacola, and on to the Gulf of Mexico.

The towns on the boundary line from Middlesboro, Kentucky, to the Gulf, separating the Southeastern Mississippi Valley Association from the Southeastern Freight Association are considered as neutral towns or territory. Points within the Southeastern Mississippi Valley Association and the point between the boundary line separating the two Associations are considered as local to the Southeastern Mississippi Valley Association. Points within the boundaries of the Southeastern Freight Association, and points on the boundary between the Association Territories, are considered as being local to the Southeastern Freight Association. The rates between points within either of the

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Association Territory are considered as being under the jurisdiction of the respective Associations.

You should not overlook the fact that there is neutral territory or a number of towns between the two Association Territories which practically belong to both Associations. This is because the boundary lines of the Southeastern Mississippi Valley Association, between Attalla and Calera continues along a line of the Alabama Mineral division of the L. & N. Railroad and that the line of the Southeastern Freight Association between Calera and Attalla, continues along the A. G. S. Railroad to Birmingham and the L. & N. Railroad south of Birmingham.

SOUTHEASTERN FREIGHT ASSOCIATION TERRITORY.

You should now refer to your map and get a distinct understanding of the territory covered by the Southeastern Freight Association. This Territory covers a part of Virginia, the extreme eastern part of Tennessee, a part of Alabama, Georgia and Florida. The Territory covered more particularly by the Southeastern Freight Association is bounded by a line beginning at the mouth of the Potomac River and extending northwest to the Virginia and West Virginia state line, then south and east of the Virginia and West Virginia state line, from a point where it crosses the Potomac River to Bristol, Tennessee, to Middlesboro, Kentucky, Jellico, Tennessee; Harriman, Tennessee; Harriman Junction, Tennessee; then continuing south from Harriman Junction, Tennessee, along the line C., N. O. & T. P. Railway, to Chattanooga, continuing on along the A. G. & S. Railway through Attalla to Birmingham, then on along the L. & N. Railway through Calera, Montgomery, on to Pensacola, and on to the Gulf of Mexico.

ASSOCIATED RAILWAYS OF VIRGINIA AND CAROLINAS.

This territory covers a part of Virginia and a part of North and South Carolina. It includes all of that territory included within a boundary line passing through Portsmouth, Va., continuing on through Pinners Points to Richmond, Va., then on along the line of the Chesapeake & Ohio Railway to Lynchburg, Va., continuing on along a line with the Norfolk & Western Railway to Roanoke, Va., then on along an imaginary line to Point Rock and Murphy, N. C., to Atlanta, Georgia, continuing on along the Georgia Railroad to Augusta, then on along Charleston division of the Southern Railway, to Charleston and on to the Atlantic Ocean.

CAROLINA TERRITORY SOUTH OF WALHALLA.

By referring to your map you should also fix in your mind the section of the country which is known as the territory south of Walhalla.

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This contains that part of the country lying between the southern boundary of the Associated Railways of Virginia and Carolina territory, and south of a line drawn through Wilmington, North Carolina, along the line of the Southern Railroad to Columbia, Greenwood, and Walhalla, and then along an imaginary line to the western boundary of the Associated Railways of the Virginia and Carolina Territories.

MISSISSIPPI VALLEY TERRITORY.

The Mississippi Valley Territory is included in the territory covered by the Southeastern Mississippi Valley Association. It is that section which is bounded by an imaginary line beginning at Cairo, extending south along the Mississippi River, Helena, Arkansas, and Vadilla, La. The northern boundary extends from Cairo, along the Ohio River to Paducah, Kentucky, not including any points on the Ohio River. The eastern boundary begins at Paducah, not including Paducah, continuing along on the Memphis-Paducah division of the N. C. & St. L. Railroad to Paris, Tennessee, then continuing along the line of the L. & N. Railway, through Makenzie to Milan along the line of the Illinois Central Railroad to Jackson, Tennessee, continuing along the Mobile & Ohio Railroad to Meridian, Mississippi, to Mobile, Alabama, and the Gulf of Mexico. This territory also includes Aberdeen and Columbus.

THE SOUTHEASTERN TERRITORY.

The Southeastern Territory includes most of the Montgomery Sub-territory and the Atlanta Sub-territory. It is that section within a boundary line beginning at Mobile and extending north along the line of the Mobile & Ohio Railroad, then on along the line of the the Mobile & Ohio Railroad to Corinth, then on along the line of the Memphis division of the Southern Railway to Chattanooga, then on along the Walhalla Line.

THE MONTGOMERY SUB-TERRITORY.

This territory is one of the divisions of the Southeastern Territory, included in the boundary line running from Decatur, Alabama, along the L. & N. Railroad to Birmingham, Alabama, then continuing along the Central Railroad of Georgia, to Columbus, Georgia, then along the east bank of the Chattahoochee and the Apalachicola Rivers to the Gulf of Mexico.

THE ATLANTA SUB-TERRITORY.

The Atlanta Sub-territory is one of the parts of the Southeastern Territory, lying east of the Montgomery Territory. There is an important exception noted in the information circulars as follows:

"That portion of Atlanta Sub-Territory lying east of Atlanta and

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Augusta and north of the line of the Georgia Railroad and Charleston Division of the Southern Railway, Augusta to Charleston (not including Augusta or Charleston, but including that portion of Atlanta Coast line, Denmark to and including Robbins) is sometimes for convenience in rate adjustment, designated as Carolina Territory south of the Walhalla Line. This is done not because the Carolina differential adjustment exists from the Ohio River as it does to points in Carolina Territory proper, but because proportional rates to Virginia Cities and Paint Rock are used in constructing rates to locate points within this boundary."

THE CAROLINA TERRITORY.

This section is included within a line beginning at Wilmington, N. C., continuing along the W. G. & R. division of the Atlantic Coast Line to Columbia, S. C., then along the Southern Railway and Blue Ridge Railway to Alaston, Newberry, Greenwood, Abbeville, Belton and Seneca to Walhalla, South Carolina, then continuing along an imaginary line from Walhalla to Murphy, to Cleveland, Tennessee, including Cleveland, then continuing on along the Southern Railway to Chattanooga, then on an imaginary line along the Southern Railway, through Athens and Knoxville to Bristol, and including Bristol, and all points on the K. & O. division of the Southern Railway, between Knoxville and Jellico, but not including Jellico, then on along a line drawn south of the main line of the Norfolk and Western Railroads from Bristol, Tennessee, to point south of Norfolk, Virginia, to the Atlantic Ocean.

THE GREEN LINE TERRITORY.

You will note by referring to your map that a large section of the Southern Classification Territory is included in Green Line Territory. This is more particularly defined as that section of the United States within a line drawn along the main line of the Norfolk and Western Railway from Portsmouth, Virginia, to Bristol, Tennessee, then on along the boundary of the state of Tennessee, to the intersection of the state boundary of the Kentucky-Tennessee State Line by the Illinois Central Railroad, then on along the Illinois Central Railroad to Jackson, Tennessee, continuing on along the line of the Mobile and Ohio Railroad to Mobile, Alabama, but not including Columbus, Mississippi, or Aberdeen, Jackson, Tennessee, or Pensacola, Florida.

JOINT TERRITORY.

By referring to your map you will find that section of the country, lying between the Montgomery Sub-Territory and the Atlantic Sub-Territory, is common territory to both the Southeastern Mississippi

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Valley Association, and the Southeastern Freight Association. This is known as Joint Territory.

SOUTHWESTERN TARIFF COMMITTEE TERRITORY.

You will be able to generally fix in your mind this Territory by referring to your map. It covers the states of Arkansas, Oklahoma, Texas, Louisiana and the Republic of Mexico. It is governed by the Southwestern Tariff Committee, which has its offices in St. Louis.

THE TRANS-MISSISSIPPI TERRITORY.

This territory is not absolute and it includes more particularly those points specified in the tariffs, which name proportional rates from Central Freight Association, Trunk Line Territory and New England Territory, which are based on 117% of the New York-Chicago Rate and apply as proportional rates to points designated in the tariffs to which rates are made on a proportional bases to and from the Mississippi River. The committee controlling the Trans-Missouri Territory publishes rates to and from the Colorado and Utah Common Points.

WESTERN TRUNK LINE TERRITORY.

This territory embraces points in Colorado east of the common points, Nebraska, Kansas, Southwestern Missouri, Missouri River Crossings, St. Paul, Duluth, Winona, Superior, Sioux City and common points. The Trunk Line Committee publishes tariffs naming rates on commodities between Illinois and Missouri points and points in Iowa, Missouri, Minnesota, also class and commodity rates from St. Paul, Duluth, Winona and common points to Central Freight Association Territory; commodity rates from same points to Seaboard Territory, also rates from points on the west bank of the Mississippi River and Illinois to Central Freight Association Territory, both class and commodities; it also publishes rates from points in Minnesota and Wisconsin to the Ohio River as proportional rates on shipments destined to the southeast and also rates from the same territory to Mississippi Valley.

THE PACIFIC COAST TERRITORY.

This territory covers the states of California, Nevada, Arizona, New Mexico, Utah, Idaho, the state of Oregon and most of the state of Washington. You can get a more definite conception of the boundaries of this territory by following the eastern boundary on the map.

SPECIAL RATE ZONES.

The red dots on the map indicate the positions of Virginia Gateways, the Ohio River Crossings, the Rio Grande Crossings, the Mexican Common Points, Colorado Common Points, Utah Common Points,

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Northern Pacific Coast Terminals, the California Terminals, Ohio River Crossings, and the Mississippi River Crossings.

You should definitely fix in your mind the boundaries of every one of the territories and the position of all the different rate zones. Constant reference will be made to these territories and rate zones in the tariffs when you are computing rates.

IMPORTANT RAILROADS OF THE UNITED STATES.

You should also know the termini of the most important railroads of the United States and all the important trade centers. A list of the railroads in the United States with the greatest mileage and tonnage will be found in the back of this monograph.

You can increase your knowledge of the territory covered by these lines by making a collection of the time tables issued by these Railroads. They will usually contain a map describing the section of the country which they serve. There are a series of detailed maps in the Official Guide, covering every section of the country and giving the termini of all the important railroads. Reference to this guide will always furnish you with practically all the information desired.

THE READING OF TARIFFS.

The number of tariffs in effect today among the various railroads run into hundreds of thousands. It has been estimated that they contain 86,000 million rates. It would take two hundred years to read them over once. The major freight classifications embrace about 35,000 separate and distinct items, a large part of which acquire different classifications when the articles are differently packed and described.

The larger part of the tariffs issued are called commodity tariffs, being in effect special rates applied to special classes of freight. These are issued by the various railroads to meet peculiar conditions which demand lower rates for certain industries and individuals producing large tonnage, but apply to shipments of all shippers whose freight so travels as to take advantage of them.

It is a human impossibility for railroad rate clerks to correctly quote rates on all the various articles shipped every day from any of the large centers to widely distributed territory. They merely bill charges against freight according to the description given by the shipper, which often is wrong and does not enable the bill clerk to properly classify the shipment. The bill clerks do not have time to compute the lowest rate that may be applied. Railroads cannot be depended upon therefore to quote the lowest legal rates.

HOW TO FIND THE TARIFFS.

The tariffs are divided into five different classes dependent upon the

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kinds of goods and the route over which they are billed. There are class tariffs, class-commodity tariffs, special commodity tariffs, various-commodity tariffs, miscellaneous tariffs, and inland-ocean-canal tariffs. These various kinds of tariffs are published by individual lines, by railroads in connection with other lines when they are known as joint-tariffs, and by various associations and freight traffic bureaus, when they are known as agency tariffs.

In order to determine the lowest legal rate on a given shipment it is necessary to know: (1) The actual point of origin and the destination of the shipment; (2) Actual date on which the shipment originated and was delivered in order to determine what tariff is legally in effect; (3) The common carriers over which the shipment moves; (4) The correct classification to which the article belongs; (5) The traffic territories through which the shipment passes; (6) The best routing of the shipment to insure the lowest rate; (7) If any charges are necessary for special services rendered; and (8) The freight charges for all items included.

If you will refer to your map and keep in mind the various traffic territories of the United States, you can easily understand the information which will now follow relative to the use of various, special tariffs.

THE JURISDICTION OF TARIFFS.

In making shipments from Trunk Line and the New England Freight Association territories to points in the Southeastern Mississippi Valley Association you should use the tariff published by the New England Freight Association and individual lines. Also tariffs published by Agent Ryan.

From Trunk Line to Central Freight Association Territory and prorating points, in Missouri and Iowa, the individual issues of the originating lines, or their connections should be used. To St. Paul, Duluth, Winona, and Common Points, the individual lines publish through rates. These tariffs also name proportional rates to the Missouri River and they apply, on shipments to points in Montana and Idaho and other Northwestern points, not subject to the Trans-Mississippi River or Trans-Continental basis. They also apply as proportional rates to Duluth, on shipments to points located on the Canadian Pacific, Canadian Northern and Grand Trunk Pacific, except points on the North Coast, which are subject to the Trans-Continental basis.

The Individual lines also publish rates to the crossings on the eastern bank of the Mississippi River, which apply as pro-rates on ship-

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ments, destined to Trans-Mississippi River Terminals, not covered by through rates.

In making shipments from Sea Board to Missouri River, rates can be made, using combinations on Chicago or Chicago Junctions, Peoria, or Mississippi River Crossings, issues of the Western Trunk Line, applying beyond. This includes all crossings from Sioux City to Kansas City.

This basis also applies on shipments destined to Southwestern Missouri, Kansas, Nebraska, and points in Colorado, east of the Colorado Common Points.

In making rates to the Colorado Common Points and Utah Common points, the same proportional basis applies to the river crossings, Chicago, etc., tariffs as published by the Trans-Missouri Freight Bureau applying beyond.

Through rates are also published to Missouri River, Colorado, and Utah Common Points, by the way of the Atlantic Ports, Norfolk, Newport News, etc. These rates are published by agent Sedgman.

In making shipments from Central Freight Association Territory to Arkansas, Louisiana, Texas, Republic of Mexico and Oklahoma, through rates are published by the Southwestern Committee. Through rates are also published from Central Freight Association to points in New Mexico, Arizona, Nevada, California, including Southern Pacific Coast Terminals, by agent Countess of the Trans-Continental Freight Bureau.

Through rates are published from Central Freight Association, both class and commodity, to St. Paul, Duluth, Winona, and Common Points. These rates also apply proportionally to Missouri River, on shipments destined to points in Idaho and Montana, not subject to Trans-Mississippi River on Trans-Continental basis. The Individual Lines publish rates to Mississippi River, Chicago and Peoria, on shipments destined to Trans-Mississippi River Territory, and the lowest combination should be used. This also applies to shipments destined to points in Iowa and Missouri, other than pro-rating points to which three rates are published. The rates to Salt Lake City are made in the same manner, using rate to Chicago, Peoria or river as published by the individual carriers and the Trans-Missouri Freight Bureau tariffs beyond.

On shipments from Central Freight Association to Trunk Line Territory tariffs are published by the individual lines to eastern basing points, rates being made on a percentage of the Chicago-New York rate. This also applies to Virginia Gateways.

On shipments originating at pro-rating points in Iowa and Mis-

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souri, also points in Illinois, destined to Central Freight Territory, through rates are published by Western Trunk Line Committee, class rates being carried in Western Trunk Line tariff No. 56.

On shipments destined to Mississippi Valley, through rates are published by agent Fulton, who also publishes proportional rates from Ohio River Crossings, to St. Paul and Common Points on shipments originating in the Southeast and Carolina Territory.

To the Southeast and Carolinas no through rates are in effect, rates being made on the Ohio River or Virginia Cities whichever makes the lower charge.

If it is desired to make a shipment from the principal common points in the Southeastern Freight Association Territory to Southeastern Mississippi Valley Association Territory the tariffs published by Agent Hinton of the Southeastern Freight Association Territory should be used. He also publishes tariffs applying to New England Freight Association Territory and Virginia Points, Carolina Territory, points to Ohio and Mississippi River Crossings. Agent Hinton also publishes many commodity tariffs on shipments moving from Southern Freight and Southeastern Freight Association Territory and the Southeastern Mississippi Valley Association Territory to the Carolina Territory, to points in the Central Freight Association in the Trunk Line and Western Trunk Line Territory.

If shipments are to be made from the Mississippi River Crossings or Ohio River Crossings to Gulf Ports or interior points in Southeastern Mississippi Valley Association Territories to points in the Southeastern Freight Association and the Carolina Territory the publications by M. P. Washburn of the Southeastern Mississippi Valley Association Territory are to be consulted. Agent Washburn also publishes a number of commodity tariffs applied to points of the Southeastern Freight Association Territory and Southeastern Mississippi Valley Association Territory, also from some points in Carolina Territory to points in the Western Trunk Line, Central Freight Association, the Trunk Line and Southeastern Territory.

If you desire to make shipments from the Southwestern Committee Territory to various points in the United States the tariffs of Agent Leland of the Southwestern Tariff Committee should be consulted. Agent Leland publishes tariffs applying on shipments between points in the states of Louisiana, Arkansas, Oklahoma and Texas, and points in Oklahoma and Texas. He also publishes tariffs applying on shipments from Texas points to Sea Board Territory.

On shipments moving from Mobile, New Orleans, Memphis, Chicago, Missouri River, Mississippi River to Colorado and Utah Common

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Points the tariffs of Agent W. A. Powett of the Trans-Missouri Freight Bureau should be consulted. Agent Gomph of the Pacific Freight Tariff Bureau publishes tariffs applying between points in the Pacific Coast Territory to Northwestern Canada, parts in Mexico, Arizona, Eastern defined Territories, also points in North and South Dakota, Montana and Wyoming.

It is not possible in a work of this kind to give more than a few suggestions as to the numerous tariffs published by the various Freight Tariffs Committees and Bureaus, which apply between points in the various traffic territories of the United States. The Agents of the various Associations and Bureaus publish an index of their tariffs showing the points to which they apply.

EXCEPTIONS TO THE APPLICATION OF CLASSIFICATION.

There are exceptions to the application of the three general classifications. These will be found in the various railroad tariffs. It is essential that these exceptions be studied and mastered so far as they affect a particular shipment in which you are interested. Whenever exceptions exist they take precedence over the application of the general classification and generally benefit the shipper. An illustration will suffice to show how the exceptions affect the computation of rates. On traffic originating in the Central Freight Association Territory, destined to the Upper Peninsula of Michigan, Duluth, St. Paul, Winona, and Common Points, the Official Classification would apply, although this territory on the map is considered to be in Western Classification Territory. The Official Classification applies also on traffic moving in the opposite direction.

On shipments originating in the Trunk Line Territory and the New England Territory destined to St. Paul, Duluth, Winona, and Common Points, the Official Classification governs. The rates are published by the eastern lines, originating the business and they apply to the Missouri River, as proportional rates, on shipments destined to the Montana Common Points, when routed via the Mississippi River. Exceptions to the classifications are also published in Morris, Tariff 130 F.

Rates are named in Morris' Tariff 12 B from the central Freight Association Territory to St. Paul, Duluth, Winona, and Common Points, and applies proportional rates to the Missouri River on traffic moving as described.

There are numerous other instances of exceptions to the application of classifications. One of the most important is that Western Trunk Line tariff No. 768 names rates from St. Paul, and Common Points to Mississippi Valley, governed by the Southern Classification. Also West-

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ern Trunk Line tariff I. C. C. 451 names rates from St. Paul Common Points to the Ohio River, governed by the Western Classification. In Halls' tariff No. 1 rates will be found from Missouri River Crossings and Common Points, including Sioux City and points taking the same rates as Wichita, Kan., to the Mississippi Valley, governed by the Southern Classification.

Hundreds of exceptions to the applications of the various classification, apply between different traffic centers, and the only way by which they can be determined is by reference to the tariffs, having jurisdiction over the shipment. A knowledge of the construction of tariffs as required by the Interstate Commerce Commission will enable any one to find all exceptions to the applications of classifications.

The rates between the Central Freight Association Territory and the Trunk Line and New England Territories are based upon the class and commodity rates between Chicago and New York City, the unit being one hundred per cent. A line guide book will show that the rates to Waukesha, Wis., from New York City are the same as to Chicago, it being a 100% point. In computing the mileage from Waukesha to Madison you will find that the rates from that territory east of Western Termini can be cut from two to six cents per hundred pounds.

On business destined to points in Iowa, originating east of the Indiana-Illinois state line, a proportional rate should be used to the river, except to pro-rating points to which through rates are published. In shipping to points in the Southeastern and Carolina Territories, the rates should be based on the Ohio River Crossings, and the Virginia Cities.

Frequently it will be found that while the rates on Ohio River Crossings will be lower on one class, on another the Virginia City combinations will be found lower in other classes, so that it is necessary in every case to consider the rates which will make the lowest charge on each class of goods forwarded via these various gateways. Business destined to Arkansas, Louisiana and Texas can frequently be handled at lower than through published rates by making combinations at the various common points—Shreveport, La.; Little Rock, Ark.; Texarkana, etc. Adjustment of rates can be secured by formal complaint to the Interstate Commerce Commission.

THROUGH PUBLISHED RATES AS MAXIMUM RATES.

In handling business to and from extreme western points, published rates are the maximum rates to be applied. Frequently a rate published to a common point, plus the rate beyond, based upon actual mileage, will be found less than the published rate.

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Rates from Northern to Southern territory should always be figured via all of the Ohio River Crossings, for the reason that on account of competition, and the disadvantages some lines labor under, of being compelled to haul a longer distance, the rates from the Ohio River to a great many points vary widely. The conditions here are very similar to those in the Official Classification Territory, where the roads which are under disadvantage by reason of longer routes are allowed to quote differential rates.

DIFFERENTIAL AND "STANDARD" LINES.

While the rate from New York to Chicago via the "standard" lines, or those which carry the freight all rail from New York west, is the common basis, yet there are what are known as differential lines, which are allowed to charge less, because of the fact that their facilities will not allow them to compete with standard lines upon the same basis. These are largely lines which operate in connection with water transportation, or cannot make the time on account of mileage.

As an illustration of how special rates are applied on various shipments, resulting in a saving of freight charges, your attention is called to a few of the estimated millions of rate combinations in the United States, within and between the various traffic territories.

RATE COMBINATIONS.

On business originating in the Central Freight Association Territory, especially the Southern Peninsula of Michigan, and at points in Indiana and Ohio, destined to points in North Dakota, Western Minnesota, and South Dakota, in some cases there are through rates from Chicago, which should be applied. Whenever possible you should take advantage of the through rates from all points in the Central Freight Association Territory to Minnesota Transfer, Minneapolis and Duluth, governed by the Official Classification. Such rates, used in connection with the locals beyond, in most cases, make a lower rate than the Chicago combination.

On business originating in the Northwestern section of the United States, where there are no through rates, destined to Trunk Line Territory, in many instances, the Buffalo Combination will make lower than Chicago. In cases where there are no through rates, as for example in North Dakota, certain combinations can be made on Minnesota Transfer and Buffalo, which will make lower rates.

On a shipment moving from Winnipeg, Manitoba, to Tampa, Florida, it would be necessary to use four tariffs and four classifications to compute the legal rate. You would use the individual line tariff from Winnipeg to Minnesota Transfer, Western Trunk Line tariff,

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I. C. C. 451 to Ohio River, Washburn's Southeastern Tariff No. 8 to Jacksonville, and Washburn's Arbitrary Tariff No. 4 beyond. This shipment would also require the use of the Canadian Classification schedule to Minnesota Transfer, the Western Classification to the Ohio River, the Southern Classification to Jacksonville, and the Southern Classification in connection with the Florida exceptions to destination.

On business originating in Illinois destined to Official Classification Territory, there are through rates provided from all points. However, in a great many cases the locals to and from Chicago Junction points are used, making a greater charge than the through rates.

On business originating at points in Wisconsin, north of Milwaukee, destined to points in Arkansas, Missouri, Illinois, also points in Southeastern Territory, and the Official Classification Territory, you will be charged the local rate from point of origin to Chicago and the connecting lines will charge the local rate from Chicago to destination. You should use the Milwaukee combination, which will make a much lower charge, whenever the tariffs permit it.

On business moving from points in Southwestern Territory, destined to points in Mississippi and to points in the Southeastern Territory where no through rates are in effect, a lower combination of rates can be made on New Orleans, than via either Cairo or Memphis. Much of the business now moves via Memphis, causing numerous overcharges.

These few illustrations will serve to demonstrate the importance of a thorough study of the rate structures, the traffic territories, and the Committees and Associations which control them, the jurisdiction of the tariffs which they publish, the basic forms and types of those tariffs, and the accurate application of the rates in those tariffs, in order to insure lowest freight charges. This cannot be accomplished by experience alone, but must be acquired by a systematic and scientific study of the subject under the direction of practical experts.

THE COMMON POINT SYSTEM.

The country, for the purpose of rate making, is divided into various territories, and then again sub-divided many times. Within these territories are what are known as "Basing Points," which serve as a basis from which rates are figured to towns, within a certain radius, known as common points. The Committees and Associations composed of representatives of the railroads operating within the various traffic territories, determine how rates shall be made and what towns shall be used as points on which to base rates. In a great many instances arbitraries are used to make rates beyond the basing points.

Rates east and west bound in Official Classification territory are

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established upon a percentage basis, the foundation being the New York-Chicago rate, which is taken as a unit at 100 per cent. All other rates within this territory east and west are determined by their relative percentage of the New York and Chicago Rates. The Rates from Trunk Line territory, south bound are published by individual carriers and committees; through rates being published to most of the southeastern basing points and to the Mississippi Valley.

Rates from Central Traffic Association Territory east bound are based upon the Chicago-New York rates, and the seaboard towns, Boston taking a differential of 7-6-5-4-3-2 over the New York rates. Philadelphia taking 2c under the New York and Baltimore 3c under New York City on all classes and commodities. There are through rates from the Central Freight Association Territory to the Mississippi Valley. From this same territory rates to the Southeast, including the Carolinas, are based on the Ohio River or Virginia cities, whichever basis makes the lower charge.

From these brief illustrations, covering shipments from the East to the West, from Central territory west beyond the Mississippi River and to the Pacific Coast, and from the North to Gulf points, it will be seen that there are combinations in effect in all these territories which produce lower rates. The Railroads endeavor to "line up their tariffs," as they say in railroad circles, so as not to conflict with each other and the law.

Subsequently, however, owing to demands for a lower rate upon particular tariffs, due to commercial conditions, changes in rates are put into effect, through the application of which the rates to these common points are sometimes entirely altered, and as a natural consequence the rates to other points within a considerable radius are also modified by these changes.

In making tariffs, basing points in the various territories are used, and other rates are based thereupon. After these have been issued for a time they become a permanent basis and all other rates are affected by their variations. In the issuance of these first tariffs, the rates are usually carefully compiled with due regard to avoiding conflict with the long and short haul clause, taking into consideration all factors such as mileage, competition, etc., and these tariffs then become the recognized basis for transportation costs.

Such tariffs are broad and comprehensive, cover all towns, all classes and general commodities, and are the foundation of railroad freight charges. Hardly are these issued, however, before the demands of competition, the demands of certain interests for lower rates, also

AND TRAFFIC TERRITORIES

other factors compel the adjustment of these rates, and this process goes on until the rate structures are so complicated that only experts can interpret them.

HOW TO GET LOWEST FREIGHT CHARGES.

Lowest freight charges depend upon a large number of conditions and a thorough knowledge of all the most important fundamental principles governing the packing, classifying, routing, and rating of shipments.

It is the duty of the shipper to present his shipment to the carrier in such a manner as will entitle him to the lowest published rate. This necessitates a knowledge of the actual point of origin and the particular railroad station to which the shipment is to be delivered. The consignee's address is often not the delivery station, which may insure the lowest rate.

You must be sure that you have the proper description of the goods. Three car loads of "Slot Machines" cost \$2,030 more than "Automatic Chance Machines" from Chicago to California, yet both kinds of goods are usually called by the same name in daily parlance. An automobile, in shipping language may be a "Vehicle self propelled," and olives may be "Canned Vegetables," etc. You must know which of the 25,000 more or less technical descriptions to apply to your goods in order to get the lowest classification rate basis.

The factor of quantity and weight of shipment often makes a very great difference in the freight charges. If a Nielsville, Wisconsin, shipper had rated his shipment of furniture on minimum car load weight to Chicago, and actual weight from Chicago to Baltimore, he would have saved \$141. Often the minimum car load weight rate is lower than the actual weight rate.

Railroads charge more freight on goods subject to damages. Packing rules are designed to protect the carrier from losses on account of damage to goods in transit. If these rules are not carefully followed the rate will be higher. Crating goods to save lumber and paying hundreds of dollars more in freight charges is poor economy.

We have already found that there are many trade transportation, industrial and commercial conditions which affect the movement of traffic. There are numerous exceptions to the application of each of the three classifications. Goods take different classes in different classifications. You must know what classification governs your shipment. This is found in the tariff having jurisdiction but you must be sure you have the right tariff.

The class to which an article belongs or the commodity rate which

THE FREIGHT CLASSIFICATION

applies is determined by a study of the classification schedules and the tariffs, after knowing what classification governs and what tariff has jurisdiction.

The next step in your work in determining lowest charges is the routing. You must work out the route which will give you the lowest rate combination. This requires a knowledge of the basing points, common points, gateways, river crossings, proportional rates, etc., which can only be known by a systematic study of the rate structures.

After knowing the most advantageous route, a study of the class rates, commodity rates, rate combinations, exception sheets, also the switching, lighterage, refrigeration, cartage charges, etc., if any, will determine the lowest total legal charges on the shipment.

There are numerous factors which enter into the total freight charge, which do not apply on every shipment, but when applicable must be recognized. Many overcharges result from extension of total charges on freight bills, by clerks who do not have the time or disposition to do the work accurately. Duplicate payments are often made on freight bills presented through error by carriers on different dates.

Railroad clerks are not given sufficient time to look up all the lowest combinations which may apply on any given shipment. If they should take the time they would not probably get a day's work done in a week. Therefore, there are many errors: (1) In quoting the right rate, (2) In routing for the lowest charge, (3) In description or classification, (4) In using class when commodity rates should apply, (5) In not taking advantage of transit privileges, (6) In not applying maximum state rate schedules, (7) In not absorbing the switching charges when possible, (8) In assessing duplicate demurrage charges, (9) In not applying to best advantage the rules applying to mixed carloads, (10) In not giving proper allowance for racks, standards, strips or supports used on gondola cars, (11) In not computing the actual weight of shipment or using the proper car load minimum, (12) In not applying the long and short haul clause, when admissable, (13), In not properly assessing car rentals, (14) In not properly extending cartage charges, (15) In not correctly rating return shipments or used goods.

"COST" AN IMPORTANT PROBLEM.

There is one word, which rings a bell in the business man's brain. It is not a large word; it requires only four letters to spell it. It is the important word "Cost." Every large concern today is confronted with the tremendous importance of the lowest cost of goods. It is claimed that the new Gary steel mills will save \$2,000,000 annually on account of transportation and modern equipment.

AND TRAFFIC TERRITORIES

It is a well established fact that if the cost is reduced other things being equal, profits will be increased, at the same selling price. Or, if the cost is reduced, the selling price may be reduced, at the same profits, resulting in a practical monopoly of the business. The cost of goods, therefore, becomes one of the most essential problems confronting the business man and it is very closely related to his success or failure.

ANALYSIS OF COST ELEMENT.

It follows very logically then, that every concern must employ some one who has a thorough knowledge of the separate elements which make up the cost of goods, to which profits are added, resulting in the "selling price." A little analysis will show that this cost element depends upon three basis factors: (1) the cost of production or manufacturing, (2) the cost of selling or marketing, and (3) the cost of distribution or freight charges.

The first two factors are known definitely by most business men. The third factor, namely, freight charges, which cost the shippers of this country about \$6,000,000 daily, is known by only one man in one hundred.

SHIPPERS SHOULD KNOW PUBLISHED RATES.

Shippers are buying and railroads are selling transportation. Shippers must look after their own end of the trade. The transportation market is published by law and every one is expected to know what he should pay.

On Michigan Avenue, Chicago, there is a concern which ships covered wire hat frames. For years they have been quoted a rate of \$2.20—the third class rate in Western Classification Territory to California terminals. If they had used a special transcontinental commodity rate they would have saved 55 cents a hundred pounds, resulting in a saving of \$700 annually on the one article.

Not long ago a shipper in Kansas City sent us three freight bills stating: "It occurs to us the freight charges are rather high on these three carloads of automobile accessories." An audit revealed the fact that there was an overcharge of \$350.

A Milwaukee shipper had a carload of iron bedsteads for shipment to a point in Texas. On account of the carrier furnishing two small cars, not absorbing the switching, and misapplying the rates, there was an overcharge of \$150.

Traffic experts find lost freight money in eight out of every ten accounts which they audit. If the buyer or credit man of our large corporations did not know in eight cases out of ten the lowest price

THE FREIGHT CLASSIFICATION

of the merchandise bought or the responsibility of parties to whom credit is extended, it would result in bankruptcy of the business.

On account of our intricate system of freight tariffs, exception sheets, rules and regulations governing freight traffic, 90 per cent of those who compute rates, or pay freight charges, do not know whether they have the lowest legal rate or not, causing millions of dollars in undercharges and overcharges annually.

DUTIES OF TRAFFIC MANAGERS.

Shippers throughout the country today are losing millions of dollars in overcharges on transportation, because the men who are handling the business never had a chance to learn the technicalities. Shippers cannot successfully compete on a business basis as long as discrimination in freight rates predominates.

It is the duty of the traffic man of the future to get established just, reasonable, and equitable freight rates on all kinds of goods shipped between all points or zones of trade, resulting in the elimination of discrimination between markets and shippers; to compute, through a knowledge of the construction and application of rates, the lowest legal freight charges which may be applied on shipments as indicated by the New Government System of Freight Schedules established by the recent railroad law; to deliver goods to destination with greatest dispatch, through a knowledge of car equipment, car service, junction points, fast freight lines, and train service; to protect against loss and damage to goods in transit, thorough knowledge of packing, marking and handling freight; also to handle claim litigation and to build business in competitive territory, to extend the markets for the shipper's goods, and to co-operate with the officers of his concern in developing their business through the application of a knowledge of Interstate Commerce.

EXPERIENCE VS. TRAINING.

The value of experience depends upon the solving of problems met in daily work and in understanding the fundamental principles which underlie them. It takes too long by experience alone to learn to solve all the problems in Interstate Commerce. These problems may arise today, next week, next month or next year, in a thousand different places in the United States. Experience is nine parts routine work and one part devoted to solving new problems. Systematic study of daily traffic problems brings together in the shortest time the practical experience of traffic experts in all different lines of industry.

No man by experience alone in a dozen lifetimes could ever gain the technical knowledge of experts, who have had experience in all

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angles of the business. The lowest legal freight rate or the knowledge of reasonable rates between two points is not a matter of experience. It is strictly a matter of technical knowledge. Knowing the lowest legal rate and knowing the law that applies to some civil action are very similar problems. The traffic man, like the doctor, lawyer, or engineer, must be technically trained for his work. The man who has not received a systematic and thorough training under these new conditions is no more qualified to practice Interstate Commerce, than the average business man would be qualified to practice law in our modern courts.

QUALITY OF TRAINING REQUIRED.

The training of the traffic man for the future, therefore, under the new Government freight rate system, must be practical and thorough. It must be a study of the activities of every day experience. It must comprise a study of the real problems arising in daily traffic work. These problems must be selected with great care, and they must illustrate the various angles of the business which confront the traffic man in each of the different branches of the shipping business.

There must be problems pointing out the essential principles in shipping steel, lumber, cotton, packing house products, and in fact all the various commodities of commerce. The solution of these practical problems will give the student actual experience in handling traffic work. The study of type problems condenses the experiences of many experts for years in a few months. It eliminates the 90 per cent of waste or routine work. Experience which does not give a man the fundamental principles underlying the solutions of the problems which confront him is practically valueless; therefore, thorough traffic training necessitates a knowledge of fundamental principles.

TECHNICAL INFORMATION NECESSARY.

An analysis of the technical information required for the solution of all classes of practical traffic problems, shows that the traffic man of the future must have a thorough knowledge of the construction and application of rates: This branch should take up the computation of the lowest legal rates on shipping all kinds of goods between points in the United States and foreign ports and delivering them to destination in the quickest possible time. It should train the student in the interpretation and application of the new Government freight rate system.

He must also have a knowledge of the adjustment of rates. This should cover the adjustment and establishment of reasonable freight rates under the new law, eliminating discrimination, and placing ship-

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pers on an equitable basis in the battlefield of business. It is just as necessary as the "blue prints" in the construction of a skyscraper. The successful development of a business depends upon a scientific knowledge of transportation, trade and commerce.

Interstate Commerce Law and Procedure, is another branch of technical information necessary. This branch should present a knowledge of the Federal Law as it relates to commerce, protecting the rights of shippers, and carriers. Every one of the thousands of industries doing interstate shipping in the United States today is subject to the Interstate Commerce Law. Knowledge of the Federal Law relating to commerce is indispensable to the traffic manager.

Business practice and law are also indispensable to give a general all-around knowledge of modern economic business principles, enabling the traffic man to fit successfully in the larger industrial organizations as one of the principal business builders. Besides being a technical traffic man, he must also be an efficient business man.

A traffic man of the future must have a reliable source of information on any problem arising in traffic work under the new Government freight rate system. His training should include a consulting service, an auditing service and a legal service. A thorough course of training in traffic work should also include a knowledge of the principles of personal efficiency. The quality of a man's work depends largely upon his mental attitude, health and physical soundness. Practical work along the line of creating the right mental attitude and the necessary forces for carrying into effect rational decisions with regard to daily work is indispensable.

OPPORTUNITIES FOR COMPETENT MEN.

When Congress passed the recent amendments to the Interstate Commerce Act, establishing legal freight charges, it created a new profession, "Interstate Commerce." The traffic man of the future will be practically an interstate commerce attorney. The demand for highly trained men is constantly increasing. About 500,000 concerns were affected by the new railroad law. About 50,000 of the large corporations should employ competent traffic managers. Salaries should range from \$2,000 to \$15,000 per year. Then, there are about 450,000 smaller shippers, who should employ traffic councils to handle the business of five to ten concerns. The incomes of such councilors should range from \$3,000 to \$15,000 annually. Added to these there are about 3,000 cities which should have traffic directors. Salaries should range from \$3,000 to \$15,000 annually. Thousands of clerks with a knowl-

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edge of Interstate Commerce are employed by large corporations, railroads and by the Interstate Commerce Commission.

We are now in one of the greatest land developing periods the nation ever knew. In the near future our industries will tax the railroads to the limit of their capacity. Who will be traffic experts? The time is not far distant when our commerce will develop in fields now unknown. The transportation interests of the country have great problems to solve.

George Henry Daniels, of the New York Central, in an address to the New York Press Association recently said: "Shall the grain in China and Japan be harvested by machines manufactured in the United States or will the manufactories of England and Germany supply them? Shall the fires of Yokohama be extinguished by engines built at Seneca Falls or will France or England send their fire engines to Japan and China? Will the locomotives to haul the fast mail trains through the interior of Japan and through the rich valleys of China be built in Schenectady, Philadelphia or Dunkirk, or will our Oriental friends and neighbors in the Pacific buy them from our English cousins? As traffic men we may well ask the question, "What will be the future of our domestic and foreign trade? Who will be the men to control it?" The master of freight rates is practically the master of markets.

Study Questions

1. What two factors control freight charges in the spirit of the Interstate Commerce Law?
2. What seven conditions control the location of industries?
3. Discuss the most important trade centers of the United States and show their relation to the distribution of the various products of Commerce.
4. What determines the actual territory governed by the three general classifications?
5. What are the functions of the various classification Committees?
6. Mention four conditions which control the making of freight rates.
7. What in your opinion are the principal arguments in favor of or against freight traffic associations?
8. Mention the major traffic associations and briefly describe the territory over which they have jurisdiction.
9. What are the principal functions of traffic associations and bureaus?
10. What territories, defined on the Traffic Map, overlap each other? Why?
11. What are the Western Termini of Trunk Lines, Ohio River Crossings, Virginia Gateways, and various Common Point Rate Zones?
12. What are the eight essential factors in determining the lowest legal rates on any given shipment?
13. Mention four important instances, showing the jurisdiction of Agency Tariffs.
14. Discuss the use of exceptions to the application of classifications.
15. How would you base a rate from Winnipeg, Manitoba, to Tampa, Florida?
16. Discuss the Basing and Common Point System in the construction of freight rates.
17. What is the relation of transportation cost to the profit and selling price of goods?

Purposes, Services, and Benefits

UNITED STATES COMMERCE ASSOCIATION

THOSE who are interested in the increase and diffusion of a practical knowlege of Interstate Commerce, Traffic Work, Trade and Transportation, should become members of this Association. Get one of our members to propose your name. If you do not know any of them address the Association which will assist you, if you can meet the requirements.

ADDRESS

UNITED STATES COMMERCE ASSOCIATION

39 W. Adams Street

CHICAGO

THE UNITED STATES COMMERCE ASSOCIATION.

PURPOSES, BENEFITS, AND SERVICE.

ARTICLE I.

Object.

The object of this Association shall be to promote a practical knowledge of Commerce, Transportation, Freight Traffic Efficiency, also Export and Import Trade; to carry on research work without prejudice or regard to the special interests of railroads or industries; and to generally assist in the elevation of the traffic profession. The Association shall be a National Forum in which practical traffic men can trade their experience and technical knowledge with each other.

ARTICLE II.

Officers.

Section 1. The officers of the Association shall be a President, Vice-President, Secretary, and a Treasurer, who shall constitute the Board of Directors. The Board shall elect an Editor and Business Manager, who shall be subject to the direction of the Board.

Sec. 2. The Secretary shall record the proceedings of the Association and of the Board of Directors, also submit an Annual Report to the Board and to the Association at its annual meeting.

Sec. 3. The Board of Directors shall have power to fill vacancies arising in the Board and act as an Executive Committee in carrying on the business of the Association.

ARTICLE III.

Membership.

Section 1. The Association shall consist of Members, Fellows and Honorary Members.

Sec. 2. Members shall be persons who are interested in the increase and diffusion of a practical knowledge of Transportation, Trade and Commerce.

Sec. 3. Fellows shall be persons who have attained a certain standard of proficiency in the traffic profession.

Sec. 4. Honorary Members shall be persons, who have attained eminence in the traffic profession.

Sec. 5. The election of Members, Fellows and Honorary Members shall be intrusted to the Board of Directors.

ARTICLE IV.

Membership Committee.

Section 1. The Membership Committee of the Association shall consist of five members, appointed by the President, whose duty shall be to inquire as to the eligibility of all applicants for membership, whose names are referred to it, and to report thereon to the Board of Directors for its final action.

ARTICLE V.

Research and Report.

Section 1. The President shall appoint standing committees for the purpose of carrying on research work. There shall be the following Committees:—

1. A Rate Construction Committee.
2. A Classification Committee.
3. A Tariff and Rate Committee.
4. A Car Efficiency Committee.
5. A Legislative Committee.
6. A Freight Claim Committee.
7. A Bill of Lading Committee.
8. A Demurrage and Car Service Committee.
9. A Trade and Commerce Committee.
10. A Commerce Agents Committee.

The President shall be, "ex officio," a member of each of the standing Committees.

Sec. 2. The Chairman of the various committees shall prepare formal reports for the annual meeting or for special meetings, giving the results and findings of their committees and these reports shall be filed by the Secretary of the Association, as permanent records.

PURPOSES, BENEFITS AND SERVICE.

ARTICLE VI.

Consultation Bureau.

Section 1. This Bureau shall be under the direction of a Chief appointed by the President and shall give expert and reliable advice on any matters pertaining to Transportation, Commerce, Export and Import Trade, Traffic work, or the extension of business in competitive markets.

Sec. 2. This service shall be of two classes: (1) General Advice, (2) Formal Written Opinions.

Sec. 3. The Association will aim to establish a complete Library of Transportation, Trade and Commercial works, Freight Tariffs, Decisions of the Commissions, and other practical works of reference.

ARTICLE VII.

The Commercior.

Section 1. The Association, as soon as practical, shall publish a Bulletin or Magazine to be known as The Commercior, which will present to its members, the findings of the Association on the various phases of its work.

ARTICLE VIII.

Publications and Records.

Section 1. The Association shall publish Monographs on various subjects, giving the findings of the members and others, who are engaged in a systematic and scientific study of traffic problems. The Association also may publish technical treatises on any of the various aspects of Trade, Transportation, and Commerce. The members of the Association shall have the privilege of purchasing all publications of the Association at a nominal price.

ARTICLE IX.

United States Commerce Clubs.

Section 1. The Association shall assist its members in the formation of local United States Commerce Clubs and help them in carrying on their work.

Sec. 2. United States Commerce Clubs shall have as Officers: A President, Secretary, Treasurer, and also an Executive Committee, which shall consist of the officers of the club and four of the members of the club, appointed by the Club president.

Sec. 3. The progressive work of United States Commerce Clubs shall consist of: 1. Lectures. 2. Debates. 3. Hearings. 4. Systematic Study, and 5. Moot Court Practice.

Sec. 4. The Moot Court Practice shall be carried on by Committees appointed by the club President for the purpose of taking care of all of the various features of the work. There shall be:

1. A Moot Interstate Commerce Commission.
2. A Moot State Railroad Commission.
3. A Moot Classification Committee.
4. A Freight Tariff and Rate Committee.
5. A Legislative Committee, and
6. A Chamber of Commerce Committee.

Sec. 5. The Chamber of Commerce Committee shall present Practical Traffic Problems to the Moot Court in the form of complaints, classification cases, rate adjustment cases, or any practical problems, which shall give the members, as near as possible, actual experience in handling daily traffic work.

ARTICLE X.

The Promotion Service.

Section 1. The Association will endeavor to assist its members in securing positions with Business Concerns, Railroads, and Chambers of Commerce, for which they may be qualified.

Sec. 2. The Promotion Department will act as a kind of "Clearing House," aiming to place the "right man in the right place."

Advertisements may be placed and special correspondence carried on with a view of inducing large Business Concerns, Railroads, and Chambers of Commerce, to apply to the Association for competent Men. Members will also report vacancies.

ARTICLE XI.

The Traffic Managers Service.

Section 1. This Service aims to furnish Business Concerns, Chambers of Commerce, and Railroads with competent traffic men and assist those men in rendering the highest possible traffic service, through the Consulting Bureau and Traffic Service.

Sec. 2. The Association through the experts in connection with the Consultation Bureau and various Committees may render a practical Traffic Managers Service to its members or to small Business Concerns not large enough to warrant the continuous employment of a traffic man.

PURPOSES, SERVICES, AND BENEFITS.

ARTICLE XII.

Medals, Pins & Buttons.

Section 1. The Association, by a vote of the Board of Directors, may award medals for distinguished accomplishment in the trade, transportation or Commercial field. It may provide Association Pins to Fellows, who have attained a certain standard of proficiency, and supply its members with Association Buttons.

ARTICLE XIII.

Membership Fees.

Section 1. The annual dues of members shall be \$2.00 payable in January, which shall entitle members to certain publications without extra expense; to the benefit of the Consulting and Promotion Services; to the Public and Special meetings; to the privilege of purchasing the monographs of the Association at a nominal price; and to the benefits arising from promotion of the traffic profession.

Sec. 2. Members or Fellows, whose dues remain unpaid on March 1, shall be notified by the Treasurer, and if not paid within one month, their names shall be stricken from the membership roster. Objectionable members may be expelled by a two-thirds vote of the Board of Directors at any regular meeting.

Sec. 3. All receipts from the regular membership fees of the Association, shall be expended in promoting the interests of the Association. The Officers shall not receive any salaries or compensation from the membership fees. The Treasurer at each annual meeting shall make a full report of all the receipts and disbursements, from membership fees.

ARTICLE XIV.

Annual and Special Meetings.

Section 1. The annual meeting of the Association shall be held in January of each year followed by a banquet. Twenty members or fellows shall constitute a quorum.

Sec. 2. Special meetings may be ordered by the Board of Directors or called by the President.

Sec. 3. Lectures and Hearings with a Public Docket may be provided by the Board of Directors. Tickets to Association lectures shall be sold to members and fellows on more favorable terms than to non-members.

Monographs in Preparation

Sources and Movements of the Products of Commerce.

Transit Privileges and Charges.

Factors Controlling Freight Classifications.

Principles Governing Freight Charges.

Bases of Inland, Foreign and Panama Canal Rates.

Classes and Jurisdiction of Tariffs.

Application and Computation of Rates.

Classified Freight Services and Charges.

Traffic Department Systems and Management.

Government Regulation of Common Carriers.

Cases and Procedure Before the Commission.

The Adjustment of Rates, Rules and Charges.

Factors Controlling Trade and Commerce.

**SPECIAL
REQUEST**

**Members Interested in Other
Subjects Will Confer a Favor on
the Association by Making Their
Wants Known.**

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PRINCIPAL RAILROADS OF THE UNITED STATES

Atchison, Topeka & Santa Fe Ry. Co.
 Atlanta, Birmingham & Atlantic R. R. Co.
 Atlantic & St. Lawrence R. R. Co.
 Atlantic Coast Line R. R. Co.
 Baltimore & Ohio R. R. Co.
 Baltimore & Ohio Chicago Terminal R. R.
 Bangor & Aroostook R. R. Co.
 Bessemer & Lake Erie R. R. Co.
 Boston & Maine R. R.
 Buffalo & Susquehanna R. R. Co.
 Buffalo, Rochester & Pittsburgh Ry. Co.
 Butte, Anaconda & Pacific Ry. Co.
 Canadian Pacific Ry. Co. (Lines in Maine).
 Carolina, Clinchfield & Ohio Ry.
 Central New England Ry. Co.
 Central of Georgia Ry. Co.
 Central R. R. Co. of New Jersey.
 Charleston & Western Carolina Ry. Co.
 Chesapeake & Ohio Ry. Co.
 Chicago & Alton R. R. Co.
 Chicago & Eastern Illinois R. R. Co.
 Chicago & Erie R. R. Co.
 Chicago & Northwestern Ry. Co.
 Chicago, Burlington & Quincy R. R. Co.
 Chicago Great Western R. R. Co.
 Chicago, Indiana & Southern R. R. Co.
 Chicago, Indianapolis & Louisville Ry. Co.
 Chicago, Milwaukee & Puget Sound Ry. Co.
 Chicago, Milwaukee & St. Paul Ry. Co.
 Chicago, Peoria & St. Louis Ry. Co. of
 Chicago, Rock Island & Gulf Ry. Co.
 Chicago, Rock Island & Pacific Ry. Co.
 Chicago, St. Paul, Minneapolis & Omaha
 Chicago, Terre Haute & Southeastern Ry.
 Cincinnati, Hamilton & Dayton Ry. Co.
 Cincinnati, New Orleans & Texas Pac. Ry.
 Cincinnati Northern R. R. Co.
 Cleveland, Cincinnati, Chicago & St. L. Ry.
 Colorado & Southern Ry. Co.
 Colorado Midland Ry. Co.
 Cumberland Valley R. R. Co.
 Delaware & Hudson Co.
 Delaware, Lackawanna & Western R.R. Co.
 Denver & Rio Grande R. R. Co.
 Denver, Northwestern & Pacific Ry. Co.
 Detroit & Mackinac Ry. Co.
 Detroit, Grand Haven & Milwaukee Ry. Co.
 Detroit, Toledo & Ironton Ry. Co.
 Duluth & Iron Range R. R. Co.
 Duluth, South Shore & Atlantic Ry. Co.
 El Paso & Southwestern Co.
 Erie R. R. Co.
 Florida East Coast Ry. Co.
 Fort Worth & Denver City Ry. Co.
 Galveston, Harrisburg & San Antonio Ry.
 Georgia R. R. Lessee Organization.
 Georgia Southern & Florida Ry. Co.
 Grand Rapids & Indiana Ry. Co.
 Grand Trunk Western Ry. Co.
 Great Northern Ry. Co.
 Gulf & Ship Island R. R. Co.
 Gulf, Colorado & Santa Fe Ry. Co.
 Hocking Valley Ry. Co.
 Houston & Texas Central R. R. Co.
 Houston East & West Texas Ry. Co.
 Illinois Central R. R. Co.
 International & Great Northern Ry. Co.
 Kanawha & Michigan Ry. Co.
 Kansas City, Mexico & Orient Ry. Co.
 Kansas City Southern Ry. Co.
 Lake Erie & Western R. R. Co.
 Lake Shore & Michigan Southern Ry. Co.
 Lehigh Valley R. R. Co.
 Long Island R. R. Co.
 Louisiana & Arkansas Ry. Co.
 Louisiana Western R. R. Co.
 Louisville & Nashville R. R. Co.
 Louisville, Henderson & St. Louis Ry. Co.
 Maine Central R. R. Co.
 Michigan Central R. R. Co.
 Midland Valley R. R. Co.
 Minneapolis & St. Louis R. R. Co.
 Minneapolis, St. Paul & Sault Ste. Marie
 Missouri, Kansas & Texas Ry. Co.
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